

CITY OF uMHLATHUZE



ANNUAL FINANCIAL STATEMENTS
for the year ended
30 JUNE 2015

ANNUAL FINANCIAL STATEMENTS

FOR

CITY OF uMHLATHUZE

30 JUNE 2015

Contact Information:

**Municipal
Manager:**

Dr NJ Sibeko

Chief Financial Officer:

Contact telephone number:

Contact e-mail address:

Mxolisi Kunene

(035) 907 5090

Mkunene@umhlathuze.gov.za

Contact at National treasury:

Contact telephone number:

Contact e-mail address:

Nomxolisi Mawulana

012 315 5460

Nomxolisi.Mawulana@treasury.gov.za

Relevant Auditor:

Contact telephone number:

Contact e-mail address:

AG(SA)

(033) 2647 616

ravindral@agsa.co.za

City of uMhlatuze
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General Information

Members of the Council:	Position	Status
Cllr MG Mhlongo	Mayor	Active
Cllr N.V Gumbi	Deputy Mayor	Active
Cllr M.S. Mnqayi	Speaker	Active
Cllr M. Lourens	Chief Whip	Active
Cllr D.A. Nxumalo	Executive Committee	Active
Cllr M.M. Mbokazi	Executive Committee	Active
Cllr L.C.M Fourie	Executive Committee	Active
Cllr S.G. Mkhize	Executive Committee	Active
Cllr S.S. Simmadhri	Executive Committee	Active
Cllr M. Sookroo	Executive Committee	Active
Cllr L.S Sabela	Executive Committee	Active
Cllr N.R Cele	Executive Committee	Active
A.S. Dawood	Chairperson of Section 79 MPAC	Active
S.N. Hlophe	Chairperson of Section 79 BYLAWS	Active

The comprehensive list of councillors is available on the website

Municipal Manager:	Dr NJ Sibeko
Chief Financial Officer:	Mxolisi Kunene
Category of Local Authority:	B
Auditors:	Auditor-General of South Africa
Bankers	ABSA Bank
Registered Office:	5 Mark Strasse, Civic Centre Richards Bay 3900
Physical Address:	5 Mark Strasse, Civic Centre Richards Bay 3900
Postal Address:	P.Bag X1004 Richardsbay 3900

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STATEMENT OF THE MUNICIPAL MANAGER'S RESPONSIBILITY

The uMhlathuze Local Municipality, situated at 5 Mark Strasse, Richards Bay, is a category B municipality, established in terms of section 12(1) of the Municipal Structures Act, 1998 (Act No. 117 of 1998) and published in terms of the Provincial Government Notice 346 on 19 September 2000. The Local Government operations of the Municipality are assigned by section 156 and 229 of the Constitution of the Republic of South Africa, 1996 (Act No 108 of 1996) and are defined specifically in terms of section 83 of the Municipal Structures Act.

I am responsible for the preparation of these annual financial statements, which are set out on pages 6 to 80, in terms of section 126(1) of the Municipal Finance Management Act, 2003 (Act No 56 of 2003) and which I have signed on behalf of the Municipality.

I certify that the salaries, allowances and benefits of Councillors, loans made to Councillors, if any, and payments made to Councillors for loss of office, if any, as disclosed in note 21 of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act, 1998 (Act No 20 of 1998) and the Minister of Provincial and Local Government's determination in accordance with this Act.

As required by Section 45 of the Municipal Systems Act and Section 121(4)(a) and (b) of the Municipal Finance Management Act, the Annual Financial Statements were submitted to the Auditor-General South Africa (AGSA) on 31 August 2015.



Dr N.J. Sibeko
CITY MANAGER



DATE

City of uMhlathuze
ANNUAL FINANCIAL STATEMENTS
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STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2015

	Notes	2015 R	2014 RESTATED R
NET ASSETS AND LIABILITIES			
Non-current Liabilities		769 810 963	835 059 127
Long-term Liabilities	2	471 210 199	601 727 228
Post-employment medical aid benefits	30	298 600 764	233 331 899
Current Liabilities		582 411 477	621 527 424
Consumer Deposits	3	43 952 066	44 908 275
Trade and Other Payables	4	357 815 970	339 257 657
Provisions	31	19 997 955	20 390 933
Unspent Conditional Grants and Receipts	5	30 958 656	92 231 417
Current portion of Long-term Liabilities	2	129 686 830	124 739 142
Net Assets		4 407 761 524	4 258 552 771
Housing Development Fund	1	53 916 402	49 933 544
Accumulated Surplus		4 353 845 122	4 208 619 227
Total Net Assets and Liabilities		5 759 983 964	5 715 139 322
ASSETS			
Non-current Assets		4 952 096 724	4 848 568 270
Property, Plant and Equipment	9	4 817 346 178	4 703 205 975
Investment Property	11	125 458 587	135 191 828
Intangible Assets	10	6 453 333	7 287 745
Heritage Assets	8	2 723 695	2 723 695
Long-term Receivables	13	114 931	159 027
Current Assets		807 887 240	866 571 052
Inventory	7	72 954 717	103 924 497
Trade receivables from exchange transactions	12	251 349 755	316 529 263
Other receivables from non-exchange transactions	14	51 719 045	32 009 956
VAT	6	10 182 081	9 556 774
Current portion of Long-term Receivables	13	44 104	41 215
Cash and Cash Equivalents	15	421 637 538	404 509 347
Total Assets		5 759 983 964	5 715 139 322

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STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2015

	Notes	2015 R	2014 R
REVENUE			
Non-exchange Revenue		854 746 557	758 615 577
Property rates	16	338 165 881	279 678 867
Fines		55 368 818	59 985 915
Government grants and subsidies	18	456 922 900	357 615 705
Public Contributions	40	4 288 958	61 335 090
Exchange Revenue		1 883 234 248	1 735 696 612
Service charges	17	1 673 839 935	1 617 726 163
Rental of facilities and equipment		11 647 576	13 500 758
Interest earned - external investments		27 558 341	21 060 123
Interest earned - outstanding debtors		56 476	52 402
Licences and permits		1 777 477	1 744 063
Income for agency services		6 725 733	6 630 263
Other income	19	140 258 190	67 452 930
Gains on sale of land		11 370 520	7 529 910
Gains on disposal of Investment Property		10 000 000	-
Total Revenue		2 737 980 805	2 494 312 189
EXPENDITURE			
Employee related costs	20	533 156 686	480 990 214
Remuneration of Councillors	21	22 622 277	21 408 271
Bad debts	12	78 710 286	67 968 747
Collection costs		513 813	2 529 018
Depreciation	9,11	338 127 009	241 712 732
Amortisation	10	1 807 982	2 627 456
Post employment benefits expenses	30	65 268 865	28 913 044
Conditional grant expenditure		18 527 519	14 715 691
Repairs and maintenance	42	132 082 367	75 129 244
Finance costs	22	71 171 449	71 144 663
Bulk purchases	23	1 100 661 466	1 051 625 801
Contracted services	41	79 886 925	100 640 944
Grants and subsidies paid	24	4 357 606	3 021 511
General expenses	37	141 877 803	133 979 321
Total Expenditure		2 588 772 053	2 296 406 657
SURPLUS/ (DEFICIT) FOR THE YEAR		149 208 752	197 905 532

City of uMhlathuze
ANNUAL FINANCIAL STATEMENTS
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STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2015

	Notes	Housing Development Fund R	Accumulated Surplus R	Total R
2014				
Balance at 30 June 2013		50 306 402	3 436 964 842	3 487 271 244
Inventory land not brought into account previous year		-	800 000	800 000
Correction of accumulated depreciation		-	41 424 568	41 424 568
Restated balance at 30 June 2013		50 306 402	3 479 189 410	3 529 495 812
Surplus / (deficit) for the year		-	197 905 532	197 905 532
Transfer to Housing Development Fund		(372 858)	372 858	-
Balance at 31 December 2014		49 933 544	3 677 467 800	3 727 401 344
2015				
Balance at 30 June 2014		49 933 544	3 677 467 800	3 727 401 344
Inventory land not brought into account previous year	33	-	30 925 000	30 925 000
Transfer to Accumulated Surplus - Intangible Assets (Expensed)		-	(6 182 107)	(6 182 107)
Correction of accumulated depreciation and amortisation	33	-	506 408 534	506 408 534
Restated balance at 30 June 2014		49 933 544	4 208 619 227	4 258 552 771
Surplus/ (Deficit) for the year		-	149 208 752	149 208 752
Transfer to Housing Development Fund		3 982 857	(3 982 857)	-
Balance at 30 June 2015		53 916 401	4 353 845 122	4 407 761 524

City of uMhlathuze
ANNUAL FINANCIAL STATEMENTS
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CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2015

	Notes	2015 R	2014 R
CASH FLOW FROM OPERATING ACTIVITIES			
Cash receipts from ratepayers, government and other		2 660 225 440	2 353 937 433
Cash paid to suppliers and employees		(2 040 133 297)	(1 886 489 778)
Cash generated from operations	25	620 092 143	467 447 655
Interest received		27 558 341	21 060 123
Interest paid		(71 171 449)	(71 144 663)
NET CASH FLOWS FROM OPERATING ACTIVITIES		576 479 035	417 363 115
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(452 822 708)	(250 889 276)
Proceeds on disposal of property, plant and equipment		19 000 000	-
Decrease/ (Increase) in non-current receivables		41 207	267 335
NET CASH FLOWS FROM INVESTING ACTIVITIES		(433 781 501)	(250 621 941)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		-	100 000 000
Repayment of borrowings		(125 569 341)	(105 007 318)
NET CASH FLOWS FROM FINANCING ACTIVITIES		(125 569 341)	(5 007 318)
Net increase/ (decrease) in cash and cash equivalents		17 128 191	161 733 854
Cash and cash equivalents at the beginning of the year		404 509 347	242 775 493
Cash and cash equivalents at the end of the year	15	421 637 538	404 509 347

City of uMhlathuze
ANNUAL FINANCIAL STATEMENTS
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STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2015

	Note	Actual	Approved Budget	Final Budget	Variance	Variance
		R'000	R'000	R'000	R'000	%
STATEMENT OF FINANCIAL POSITION	43.2.1					
Total current assets		807 887	795 143	765 341	(42 546)	-5.6%
Total non-current assets		4 952 097	4 446 565	4 561 539	(390 558)	-8.6%
Total Assets		5 759 984	5 241 708	5 326 880	(433 104)	-14%
Total current liabilities		582 411	574 408	574 407	(8 004)	-1.4%
Total non-current liabilities		769 811	935 768	952 466	182 655	19.2%
Total Liabilities		1 352 222	1 510 176	1 526 873	174 651	17.8%
Total Net Assets		4 407 762	3 731 532	3 800 007	(607 755)	-16.0%
Total Net Assets and Liabilities		5 759 984	5 241 708	5 326 880	(433 104)	1.8%
STATEMENT OF FINANCIAL PERFORMANCE	43.2.2					
Property rates		338 166	314 000	326 453	(11 713)	-4%
Service charges		1 673 840	1 742 161	1 649 222	(24 618)	-1%
Rental of facilities and equipment		11 648	8 234	11 562	(86)	-1%
Interest earned - external investments		27 558	10 605	16 700	(10 858)	-65%
Interest earned - outstanding debtors		56	1 542	1 544	1 488	96%
Fines		55 369	8 877	10 377	(44 992)	-434%
Licences and permits		1 777	1 728	1 754	(24)	-1%
Income for agency fees		6 726	6 350	6 600	(126)	-2%
Government grants and subsidies		456 922	379 965	470 516	13 614	3%
Public contributions		4 289	-	1 115	(3 174)	-285%
Other income		140 258	16 553	18 102	(122 177)	-675%
Gains on Sale of Land		11 371	-	-	(11 371)	100%
Gains on disposal of Investment Property		10 000	-	-	(10 000)	100%
Total Revenue		2 737 981	2 490 015	2 513 946	(224 035)	-1168%
Employee-related costs		533 157	583 141	561 455	28 299	5%
Remuneration of councillors		22 622	23 176	23 176	554	2%
Debt impairment		78 710	3 050	3 050	(75 660)	-2481%
Collection costs		514	1 200	1 200	686	57%
Depreciation and amortisation		339 935	182 390	182 390	(157 545)	-86%
Conditional grant expenditure		18 528	27 582	18 944	416	2%
Repairs and maintenance		132 082	92 428	103 095	(28 988)	-28%
Finance costs		71 171	77 614	77 614	6 443	8%
Bulk purchases		1 100 661	1 096 502	1 065 919	(34 742)	-3%
Contracted services		79 887	101 944	114 410	34 523	30%
Grants and subsidies paid		4 358	13 749	8 539	4 181	49%
Post employment benefits expenses		65 269	-	-	(65 269)	100%
General expenses		141 878	160 472	168 149	26 271	16%
Total Expenditure		2 588 772	2 363 248	2 327 940	(260 833)	-2329%
Surplus/ (Deficit) for the year		149 209	102 039 600	247 707 000	36 797	0.01%

City of uMhlathuze
ANNUAL FINANCIAL STATEMENTS
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STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2015

	Note	Actual	Approved Budget	Final Budget	Variance	Variance
		R'000	R'000	R'000	R'000	%
CASH FLOW STATEMENT	43.2.3					
Net cash from (used) operating		576 479	324 461	383 049	(193 430)	-50%
Net cash from (used) investing		(433 782)	(241 691)	(358 420)	75 362	-21%
Net cash from (used) financing		(125 569)	(34 890)	(34 890)	90 679	-260%
Net (decrease)/ increase in cash and cash equivalents		17 128	47 880	(10 261)	(27 389)	-331%
CAPITAL EXPENDITURE	43.2.4					
Budget and Treasury Office		43	5 464	-	(43)	100%
Community and Social Services		19 147	26 938	29 728	10 581	36%
Corporate Services		83 908	47 487	97 355	13 447	14%
Electricity		43 317	56 031	64 602	21 285	33%
Executive and Council		50	211	167	117	70%
Health		4 630	8 115	7 812	3 183	41%
Housing		7 144	22 442	24 824	17 680	71%
Other		-	-	300		
Planning and Development		72	168	107	36	33%
Public Safety		17 655	27 663	26 127	8 472	32%
Road Transport		19 925	20 607	22 548	2 624	12%
Sport and Recreation		23 935	32 162	32 406	8 471	26%
Waste Management		2 824	4 998	4 000	1 177	29%
Waste Water Management		76 003	79 452	70 987	(5 017)	-7%
Water		155 719	88 125	117 343	(38 376)	-33%
Total		454 373	419 862	498 307	43 635	9%

City of uMhlathuze
ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2015
**ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015**

1. BASIS OF PRESENTATION

The annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention.

These annual financial statements have been prepared in accordance with Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board (ASB) in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003) with the exception of certain accounting policies adopted in accordance with International Accounting Standards (IAS).

The principal accounting policies adopted in the preparation of these annual financial statements are set out below:

GRAP 1	Presentation of Financial Statements
GRAP 2	Cash Flow Statements
GRAP 3	Accounting Policies, Changes in Accounting Estimates and Errors
GRAP 5	Borrowing Costs
GRAP 6	Consolidated and Separate Financial Statements
GRAP 9	Revenue from Exchange Transactions
GRAP 12	Inventories
GRAP 13	Leases
GRAP 14	Events after the Reporting Date
GRAP 16	Investment property
GRAP 17	Property, Plant and Equipment
GRAP 18	Segment Reporting
GRAP 19	Provisions, Contingent Liabilities and Contingent Assets
GRAP 21	Impairment of non-cash generating assets
GRAP 23	Revenue from Non-exchange transactions
GRAP 24 P	resentation of budget information
GRAP 25	Employee benefits
GRAP 26	Impairment of cash generating assets
GRAP 31	Intangible Assets
GRAP 100	Non-Current Assets Held for Sale and Discontinued Operations
GRAP 103	Heritage Assets
GRAP 104	Financial Instruments
GRAP 105	Transfer of Functions between entities under common Control

City of uMhlathuze
ANNUAL FINANCIAL STATEMENTS
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**ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015 (Continued)**

1. BASIS OF PRESENTATION (Continued)

- | | |
|----------|---|
| GRAP 106 | Transfer of Functions between entities not under common Control |
| GRAP 107 | Mergers |

2. PRESENTATION CURRENCY

These annual financial statements are presented in South African Rand. The figures are rounded off to the nearest rand.

3. GOING CONCERN ASSUMPTION

These annual financial statements have been prepared on a going concern basis.

4. OFFSETTING

Assets, liabilities, revenue and expenses have not been offset except when offsetting is required or permitted by a Standard of GRAP.

5. STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

The following GRAP standards have been issued but are not yet effective and have not been adopted early by the Municipality:

- GRAP 20 Related Party Disclosures
- GRAP 32 Standard of GRAP on Service Concession Arrangements: Grantor
- GRAP 108 Statutory Receivables

Management has considered all the of the above-mentioned GRAP standard issued but not yet effective and anticipates that the adoption of these standard will not have a significant impact on the financial position, financial performance or cash flows of the Municipality.

The following GRAP standards have been issued and effective but are not applicable to the Municipality:

- GRAP 4 The Effects of Changes in Foreign Exchange Rates
- GRAP 6 Consolidated and Separate Financial Statements
- GRAP 7 Investment in Associate
- GRAP 8 Interest in Joint Ventures
- GRAP 10 Financial Reporting in Hyperinflationary Economies
- GRAP 27 Agriculture

5.1 Significant accounting judgements, estimates and assumptions

The preparation of the Municipality's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Judgements

In the process of applying the Municipality's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements

City of uMhlathuze
ANNUAL FINANCIAL STATEMENTS
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**ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015 (Continued)**

5.1 Significant accounting judgements, estimates and assumptions (Continued)

Operating lease commitments – Municipality as lessor

The Municipality has entered into commercial property leases on its investment property portfolio. The Municipality has determined, based on an evaluation of the terms and conditions of the arrangements, that it retains all the significant risks and rewards of ownership of these properties and accounts for the contracts as operating leases

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are as follows:

Depreciation and impairment

The Municipality depreciates its assets over their estimated useful lives taking into account residual values, where appropriate. The appropriateness of its assets' estimated useful lives, residual values and their depreciation methods are re-assessed on an annual basis. The actual lives of these assets and their respective residual values may vary depending on a variety of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account.

Management used their judgement in applying the internal and external impairment indicators to its assets. No impairment indicators were identified and as such the recoverable amounts of the aforementioned assets was not calculated.

Customer receivables

At year-end management makes an estimate of the amount of total outstanding customer debt that it expects to hand over to external debt collectors and the total subsequent receipts it expects to receive after year end. In addition, management estimates the amounts that it expects to recover from outstanding balances handed over based upon the age profile of debts handed over and based on prior experience and trends. A provision for impairment is raised based on these estimates. A detailed breakdown of the student fee receivable is provided in note 13.

6. COMPARATIVE INFORMATION

6.1 PRIOR YEAR COMPARATIVES

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.

When the presentation or classification of items in the Annual Financial Statements is amended, prior period comparative amounts are restated. The nature and reason for the reclassification is disclosed. Where accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

City of uMhlathuze
ANNUAL FINANCIAL STATEMENTS
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**ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015 (Continued)**

6.2 CURRENT YEAR COMPARATIVES:

Budgeted amounts have been included in the annual financial statements for the current financial year only.

7. PROPERTY, PLANT AND EQUIPMENT

7.1 INITIAL RECOGNITION

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year.

Infrastructure assets in particular are those that are part of a system or network, specialized in nature and do not have alternative uses, immovable and maybe subject to constraints on disposal.

The cost of an item of property, plant and equipment is recognised as an asset if, and only if it is probable that future economic benefits or service potential associated with the item will flow to the municipality, and if the cost or fair value of the item can be measured reliably.

Property, plant and equipment are initially recognised at cost on its acquisition date or in the case of assets acquired by grant or donation, deemed cost, being the fair value of the asset on initial recognition. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the municipality.

Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Where an asset is acquired by the Municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

The cost of an item of property, plant and equipment acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets is measured at its fair value. If the acquired item could not be measured at its fair value, its cost was measured at the carrying amount of the asset given up.

Major spare parts and servicing equipment qualify as property, plant and equipment when the Municipality expects to use them during more than one period. Similarly, if the major spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

7.2 SUBSEQUENT MEASUREMENT

Subsequent expenditure relating to property, plant and equipment is capitalised if it is probable that future economic benefits or potential service delivery associated with the subsequent expenditure will flow to the entity and the cost or fair value of the subsequent expenditure can be reliably measured.

Subsequent expenditure incurred on an asset is only capitalised when it increases the capacity or future economic benefits associated with the asset. Where the municipality replaces parts of an asset, it de-recognises the part of the asset being replaced and capitalises the new component.

City of uMhlathuze
ANNUAL FINANCIAL STATEMENTS
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**ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015 (Continued)**

7.2 SUBSEQUENT MEASUREMENT (Continued)

Subsequently all property plant and equipment, are measured at cost (or deemed cost), less accumulated depreciation and accumulated impairment losses. Compensation from third parties for items of property, plant and equipment that were impaired, lost or given up is included in surplus or deficit when the compensation becomes receivable.

7.3 DEPRECIATION

Land is not depreciated as it is regarded as having an infinite life. Depreciation on assets other than land is calculated on cost, using the straight-line method, to allocate their cost or revalued amounts to their residual values over the estimated useful lives of the assets. The depreciation method used reflects the pattern in which the asset's future economic benefits or service potential are expected to be consumed by the municipality.

Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The depreciation rates are based on the following estimated useful lives.

Depreciation only commences when the asset is available for use, unless stated otherwise.

The annual depreciation rates are based on the following estimated average asset lives:

	Years		Years
Infrastructure		Other	
Roads and Paving	15-65	Buildings	30
Pedestrian Malls	30	Specialised vehicles	10
Electricity	20-30	Other vehicles	3-7
Water	15-65	Office equipment	3-5
Sewerage	15-50	Furniture and fittings	7
Housing	30	Watercraft	15
Community		Bins and containers	5-10
Buildings	30	Specialised plant and equipment	10-15
Recreational Facilities	20-30	Other items of plant and equipment	2-5
Security	5		

The assets residual values, estimated useful lives and depreciation method are reviewed annually, and adjusted retrospectively if appropriate, at each reporting date and any changes are recognised as a change in accounting estimate in the Statement of Financial Performance.

The residual value and the useful life of each asset are reviewed at the end of each reporting date. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item shall be depreciated separately. The depreciation method applied to an asset is reviewed at each reporting date.

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**ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
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7.4 Derecognition

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

The gain or loss arising from de-recognition of an item of property, plant and equipment is included in surplus or deficit when the item is de-recognised. The gain or loss arising from de-recognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

8. LEASES

The Municipality as Lessee

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the Municipality. Property, plant and equipment subject to finance lease agreements are capitalised at their cash cost equivalent and the corresponding liabilities are raised.

The cost of the item of property, plant and equipment is depreciated at appropriate rates on the straight-line basis over its estimated useful life. Lease payments are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease expenses are recognised on a straight-line basis over the lease term.

The Municipality as Lessor

Amounts due from lessees under finance leases or instalment sale agreements are recorded as receivables at the amount of the Municipality's net investment in the leases.

Finance lease or instalment sale income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Municipality's net investment outstanding in respect of the leases or instalment sale agreements.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

Depreciation on leased assets has been calculated in accordance with GRAP 17 Property, plant and equipment.

9. IMPAIRMENT OF NON-FINANCIAL ASSETS

In assessing whether there is any indication that an asset may be impaired, the following have been considered:

**ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
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9. IMPAIRMENT OF NON-FINANCIAL ASSETS (Continued)

External sources of information

- Cessation or near cessation, of the demand or need for services provided by the asset;
- Significant long-term changes with an adverse effect on the entity that have taken place during the period or will take place in the near future, in the technological, legal or government policy environment in which the municipality operates.

Internal sources of information

- Evidence of physical damage of an asset;
- Increased expenditure on repairs and maintenance on the asset.

Impairment of Cash generating assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment.

Assets that are subject to amortisation are reviewed for impairment whenever events or circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the carrying amount exceeds the recoverable amount. The recoverable amount is the higher of the assets Fair Value less cost to sell, or its value in use.

Impairment of Non-cash generating assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment.

Assets that are subject to amortisation are reviewed for impairment whenever events or circumstances indicate that the serviceable amount may not be recoverable.

An impairment loss is recognised for the amount by which the carrying amount exceeds the serviceable amount.

The serviceable amount is the higher of the assets Fair Value less cost to sell, or its value in use.

10. INTANGIBLE ASSETS

An asset is identified as an intangible asset when it:

- is capable of being separated or divided from an entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, assets or liability, or
- arises from contractual rights or other legal rights, regardless whether those rights are transferable or separate from the Municipality or from other rights and obligations.

**ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
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10. INTANGIBLE ASSETS (Continued)

10.1 INITIAL RECOGNITION

An intangible asset is an identifiable non-monetary asset without physical substance. Examples include computer software, licenses and development costs.

The municipality recognises an intangible asset in its Statement of Financial Position only when it is probable that the expected future economic benefits or the service potential that are attributable to the asset will flow to the municipality and the cost or fair value of the asset can be measured reliably.

Internally generated intangible assets are subject to strict recognition criteria before they are capitalised. Research expenditure is never capitalised, while development expenditure is only capitalised to the extent that:

- the Municipality intends to complete the intangible asset for use or sale
- it is technically feasible to complete the intangible asset
- the Municipality has the resources to complete the project, and
- it is probable that the Municipality will receive future economic benefits or service potential

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. Internally generated intangible assets are subject to strict recognition criteria before they are capitalised.

Intangible assets are initially recognised at cost. Where an intangible asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

10.2 SUBSEQUENT MEASUREMENT

Intangible assets are carried at its cost less any accumulated amortisation and any accumulated impairment losses.

10.3 AMORTISATION AND IMPAIRMENT

The cost of an intangible asset is amortised over the useful life of 3 years.

The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at each reporting date and any changes are recognised as a change in accounting estimate in the Statement of Financial Performance.

10.4 DERECOGNITION

An intangible asset is derecognised when it is permanently withdrawn from use and no future economic benefit or service potential is derived from it. The gain or loss arising from the disposal of an intangible asset is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the asset. It is recognised in surplus or deficit when the intangible asset is derecognised

11. INVESTMENT PROPERTIES

11.1 INITIAL RECOGNITION

Investment property is recognised as an asset, only where:

- It is probable that the future economic benefits or service potential that are associated with the investment property will flow to the entity; and

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**ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
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11. INVESTMENT PROPERTIES (Continued)

11.1 INITIAL RECOGNITION (Continued)

- The cost or fair value of the investment property can be measured reliably.

Investment properties have been initially measured at cost (Transaction costs shall be included in this initial measurement). Transaction costs are costs which are directly attributable to the expenditure, for example professional fees for legal services, conveyancing fees, property transfer taxes and other transaction costs shall be included in this initial measurement.

If payment for investment property is deferred, its cost is the cash price equivalent.

The difference between this amount and the total payments is recognised as interest expense over the period of credit.

Investment properties that meet the criteria to be classified as held for sale (or are included in a disposal group that is classified as held for sale) are measured in accordance with GRAP 100, at the lower of its carrying amount or its fair value less costs to sell.

11.2 SUBSEQUENT MEASUREMENT

Subsequently investment properties are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is calculated on cost, using the straight-line method over the useful life of the property. Vacant land held under investment properties is not depreciated.

11.3 DERECOGNITION

An investment property is derecognised upon disposal, or when it is permanently withdrawn from use and no future economic benefits or service potential are expected from its disposal. Any gain or loss arising from the retirement or disposal of investment property is included in surplus or deficit in the period of the retirement or disposal.

12. INVENTORIES

Consumable stores, raw materials, work-in-progress and finished goods and land held for sale are valued at the lower of cost and net realisable value.

In general, the basis of determining cost is the first-in, first-out method.

Unsold water at year-end is valued at the lower of cost and net realizable value.

For the land component recognised in terms of GRAP 12 land is recognised at cost with the cost based on fair value at date of recognition. Assessing historical cost of land and then breaking it down into individual was impractical and inaccurate. The 2007/8 valuation of land in terms of the Municipality Property Rates Act, Act No 6 of 2004 (MPRA), which is very reliable, was used to determine cost.

Redundant and slow-moving inventories are identified and written down from cost to net realizable value with regard to their estimated economic or realisable values.

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**ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015 (Continued)**

13. REVENUE RECOGNITION

13.1 REVENUE FROM EXCHANGE TRANSACTIONS

Revenue from exchange transactions refers to revenue that accrued to the Municipality directly in return for services rendered/goods sold, the value of which approximates the consideration received or receivable.

Service charges relating to electricity and water are based on consumption. Meters are read on a monthly basis and are recognised as revenue in the period of consumption. Where meters cannot be read during a particular month, they are provisionally billed with the necessary adjustments made in the month in which they were read. Revenue from the sale of electricity prepaid meter cards is deferred and recognised as revenue on the consumption basis, commencing on date of purchase.

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage, and are levied monthly based on the number of refuse containers on each property, regardless of whether or not all containers are emptied.

Service charges from sewerage are based on the water consumption on each developed property using the tariffs approved from Council and are levied monthly.

Interest and rentals are recognised on a time apportionment basis. Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant gazetted tariffs. This includes the issuing of licences and permits.

Income for agency services is recognised on a monthly basis once the income collected on behalf of agents has been quantified. The income recognised is in terms of the agency agreement.

Revenue from the sale of goods is recognised when the risk is passed to the consumer.

Revenue from public contributions is recognised when all conditions associated with the contribution has been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment is brought into use. Where public contributions have been received but the municipality has not met the condition, a liability is recognised.

Revenue from exchange transactions is measured at the fair value of the consideration received or receivable taking into account the amount of any trade discounts allowed by the Municipality,

13.2 REVENUE FROM NON-EXCHANGE TRANSACTIONS

Revenue from non-exchange transactions refers to transactions where the Municipality received revenue from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportion basis.

Fines constitute both spot fines and summonses. Revenue from spot fines and summonses is recognised when it is accrued. There's uncertainty regarding full recoverability of outstanding fines and summons.

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**ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
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13.2 REVENUE FROM NON-EXCHANGE TRANSACTIONS (Continued)

Spot fines are usually not given directly to an offender. Further legal processes have to be undertaken before the spot fine is enforceable. In respect to summon, the Public Prosecutor can decide whether to waive the fine, reduce it or prosecute for non-payment by the offender.

Donations are recognised on a cash receipt basis or where the donation is in the form of property, plant and equipment, when such items of property, plant and equipment are brought into use furthermore Revenue from public contributions and donations is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment qualifies for recognition and first becomes available for use by the Municipality.

Where public contributions have been received but the Municipality has not met the related conditions, a deferred income (liability) is recognised.

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No. 56 of 2003) and is recognised when the recovery thereof from the responsible Councillors or officials is virtually certain

Contributed property, plant and equipment are recognised when such items or property, plant and equipment are brought into use.

Revenue received from conditional grants, donations and funding are recognised as revenue to the extent that the Municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met a liability is recognized.

The liability is transferred to revenue as and when the conditions attached to the grant are met. Grants without any conditions attached are recognised as revenue when the asset is recognised.

When an inflow of cash and cash equivalents is deferred the fair value of the consideration may be less than the nominal amount of cash received or receivable. The consideration is determined by discounting all future receipts using an imputed rate of interest.

The imputed rate of interest is the more clearly determinable of either:

- a) the prevailing rate for a similar instrument of an issuer with a similar credit rating; or
- b) rate of interest that discounts the nominal amount of the instrument to the current cash sales price of the goods or services.

The difference between the fair value and the nominal amount of the consideration is recognised as interest revenue.

14. PROVISIONS AND CONTINGENCIES

Provisions are recognised when the Municipality has a present or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the provision can be made.

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**ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
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14. PROVISIONS AND CONTINGENCIES (Continued)

Provisions are reviewed at reporting sheet date and adjusted to reflect the current best estimate. Contingent Liabilities and Assets are not recognized but disclosed.

The Municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is disclosed where an inflow of economic benefits is probable.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision.

A provision for restructuring costs is recognised only when the following criteria over and above the recognition criteria of a provision have been met:

(a) The Municipality has a detailed formal plan for the restructuring identifying at least:

- the business or part of a business concerned
- the principal locations affected.
- the location, function and approximate number of employees who will be compensated for terminating their services.
- the expenditures that will be undertaken
- when the plan will be implemented; and

(b) The Municipality has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

15. HOUSING DEVELOPMENT FUND

Housing selling schemes both complete and in progress at 1 April 1998, were also transferred to the Housing Development Fund. All proceeds from housing developments, which include rental income and sales of houses, is paid into the Housing Development Fund. Monies standing to the credit of the Housing Development Fund are used to finance housing developments within the municipal area.

16. RETIREMENT BENEFITS

The Municipality provides post retirement medical aid benefits to retired employees. The entitlement to these benefits is usually conditional on the employee remaining in employment up to retirement age.

The Expected costs of these benefits are accrued of the period of employment. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized immediately in the statement of financial performance for the reporting period. The Defined benefit obligations are valued once in two years by independent qualified actuaries.

17. BORROWING COSTS

Borrowing costs incurred (including borrowing cost incurred on qualifying assets where the commencement date for capitalisation is prior to 1 July 2008) are recognised as an expense in the Statement of Financial Performance in accordance with the requirements of GRAP 5 and ASB Directive 3.

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**ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
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17. BORROWING COSTS (Continued)

It is considered inappropriate to capitalise borrowing costs where the link between the funds borrowed and the capital asset acquired cannot be adequately established - the municipality expenses all borrowing costs.

18. FINANCIAL INSTRUMENTS

CLASSIFICATION

The Municipality has types of financial instruments and these can be broadly categorised as either Financial Assets or Financial Liabilities.

Initial recognition

Financial Instruments are recognized when the Municipality becomes a party to the contractual provisions of the instrument, and are initially measured at fair value. The classification of financial instruments and purpose is determined at the time of initial recognition.

Subsequent measurement

Financial assets are categorised according to their nature as either financial assets at fair value through profit or loss, held to maturity, loans and receivables, or available for sale. Financial liabilities are categorized as either at fair value through profit or loss or financial liabilities carried at amortised cost ('other'). The subsequent measurement of financial assets and liabilities depends on this categorisation and, in the absence of an approved GRAP Standard on Financial Instruments, is in accordance with GRAP 104.

Financial assets are categorised according to their nature as either financial assets at fair value through profit or loss, held to maturity, loans and receivables, or available for sale.

Financial liabilities are categorized as either at fair value through profit or loss or financial liabilities carried at amortised cost ('other'). The subsequent measurement of financial assets and liabilities depends on this categorisation and, in the absence of an approved GRAP Standard on Financial Instruments, is in accordance with GRAP 104.

Investments

All investments are considered to be available-for-sale investments as the intention is to grow the value of the investment portfolios over a long-term horizon.

Trade and other receivables

Trade and other receivables are categorised as financial assets: loans and receivables and are initially recognised at fair value and subsequently carried at amortised cost. Amortised cost refers to the initial carrying amount, plus interest, less repayments and impairments. An estimate is made for doubtful receivables based on a review of all outstanding amounts at year end. The fair value of Debtors is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date.

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. Impairments are determined by discounting expected future cash flows to their present value. Amounts that are receivable within 12 months from the reporting date are classified as current.

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**ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015 (Continued)**

18. FINANCIAL INSTRUMENTS (Continued)

Trade and other receivables (Continued)

An impairment of trade receivables is accounted for by reducing the carrying amount of trade receivables through the use of an allowance account, and the amount of the loss is recognised in the Statement of Financial Performance within operating expenses. When a trade receivable is uncollectible, it is written off. Subsequent recoveries of amounts previously written off are credited against operating expenses in the Statement of Financial Performance.

Trade and other payables from exchange transactions

Financial liabilities consist of trade payables and borrowings. They are categorised as financial liabilities held at amortised cost, are initially recognised at fair value and subsequently measured at amortised cost which is the initial carrying amount, less repayments, plus interest. The fair value of Creditors is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date

Borrowings and other financial liabilities

Borrowings are recognised initially at fair value, net transaction costs incurred. Borrowings are subsequently stated at amortised cost. Long-term borrowings are non-derivative financial loans and the Municipality does not hold financial loans for trading purposes. Long-term borrowings are utilised. Other financial liabilities are carried at amortised cost.

The interbank rate or prime lending rate is not the risk-free interest rate, however it has been used as a benchmark for determining the market related rate of interest which is not significantly different to the current rates on long-term loans, hence the fair value of these loans equates their amortised cost.

Cash and cash equivalents

Cash includes cash on hand (including petty cash) and cash with banks (including call deposits). Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value.

For the purposes of the Cash Flow Statement, cash and cash equivalents comprise cash on hand, deposits held on call with banks, net of bank overdrafts. The Municipality categorises cash and cash equivalents as Financial assets: loans and receivables. The closing balance on the bank account is representative of its fair value of the monies held

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdrafts are expensed as incurred. Amounts owing in respect of bank overdrafts are categorised as Financial liabilities: other financial liabilities carried at amortised cost.

Retirement benefit obligations

The Municipality's future obligations in respect of its defined benefit pension plans and its post-employment medical benefit plan are determined using actuarial valuations.

An actuarial valuation involves making various assumptions. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions.

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**ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
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18.1.1 INVESTMENTS

Investments, which include listed government bonds, unlisted municipal bonds, fixed deposits and short-term deposits invested in registered commercial banks, are categorized as financial instruments and are measured at amortised cost.

Where investments have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified. Impairments are calculated as being the difference between the carrying amount and the present value of the expected future cash flows flowing from the instrument. On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the Statement of Financial Performance.

18.1.2 TRADE AND OTHER RECEIVABLES

Trade and other receivables are categorized as financial assets: loans and receivables and recognised at fair value and subsequently carried at amortised cost. Amortised cost refers to the initial carrying amount, plus interest, less repayments and impairments. An estimate is made for doubtful receivables based on a review of all outstanding amounts at year-end. For traffic fines receivable, past payment trends are used to determine the estimate of the doubtful receivables."

Significant financial difficulties of the debtor, probabilities that the debtor will enter bankruptcy or financial reorganization, and default or delinquency in payments (more than 60 days overdue) are considered indicators that the trade receivable is impaired. Impairments are determined by discounting expected future cash flows to their present value. Amounts that are receivable within 12 months from the reporting date are classified as current.

An impairment of trade receivables is accounted for by reducing the carrying amount of trade receivables and the amount of the loss is recognised in the Statement of Financial Performance within operating expenses. When a trade receivable is uncollectible, it is written off.

18.1.3 TRADE PAYABLES FROM EXCHANGE TRANSACTIONS, BORROWINGS AND OTHER FINANCIAL LIABILITIES

18.1.3.1 Trade and other payables from exchange transactions

Financial liabilities consist of trade payables and borrowings. They are categorised as financial liabilities held at amortised cost, are initially recognised at fair value and subsequently measured at amortised cost which is the initial carrying amount, less repayments, plus interest. Amounts that are payable within 12 months from the reporting date are classified as current.

18.1.3.2. Borrowings and other financial liabilities

Borrowings are recognised initially at fair value, net transaction costs incurred. Borrowings are subsequently stated at amortised cost.

Long-term borrowings are non-derivative financial loans and the Municipality does not hold financial loans for trading purposes. Long-term borrowings are utilised. Other financial liabilities are carried at amortised cost.

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**ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
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18. FINANCIAL INSTRUMENTS (Continued)

18.1.4 CASH AND CASH EQUIVALENTS

Cash includes cash on hand (including petty cash) and cash with banks (including call deposits). Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value.

For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held on call with banks, net of bank overdraft.

Bank overdrafts are recorded based on the facility used. Finance charges on bank overdraft are expensed as incurred. Amounts owing in respect of bank overdrafts are categorised as financial liabilities.

19. HERITAGE ASSETS

A heritage asset is defined as an asset that has a cultural, environmental, historical, natural, scientific, technological or artistic significance and is held and preserved indefinitely for the benefit of present and future generations.

19.1 INITIAL MEASUREMENT

A heritage asset that qualifies for recognition as an asset shall be measured at its cost (Cash price equivalent at the recognition date). Where a heritage asset is acquired through a non-exchange transaction, its cost is deemed to be its fair value as at the date of acquisition.

19.2 SUBSEQUENT MEASUREMENT

Heritage assets are not depreciated, since their long economic life and high residual value mean that any depreciation would be immaterial.

After recognition as an asset, heritage assets shall be carried at its cost less any accumulated impairment losses. The Municipality assesses at each reporting date whether there are any indicators of impairment of Heritage assets.

Where there is an indication of impairment the assets are recorded at their recoverable amount or their recoverable service amount.

The fair value of the Heritage assets where they differ materially from their cost, or they are not materially different indicate that the fair value approximates their cost value.

19.3 DERECOGNITION

A Heritage asset is de-recognised when it is disposed or where there is no future economic benefits or service potential are expected from its use or disposal. The gain or loss arising from de-recognition, is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the heritage asset. Such difference is recognised in surplus or deficit when the heritage asset is derecognized.

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**ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015 (Continued)**

20. POST-RETIREMENT BENEFITS AND SHORT TERM BENEFITS

20.1 SHORT-TERM EMPLOYEE BENEFITS

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs. The expected cost of bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

20.2 ACTUARIAL GAINS AND LOSSES

Actuarial gains and losses are recognised in full in the year that they occur in the statement of financial performance.

21. BUDGET INFORMATION

The budget is prepared on an accrual basis. The budget amounts are scheduled as a separate additional financial statement called the statement of comparison of budget and actual amounts.

Explanatory comments are provided in the notes to the annual financial statements, first stating reasons for changes from approved to final budget and secondly reasons for overspending or underspending on line items.

22. UNAUTHORISED EXPENDITURE

Unauthorized expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No.56 of 2003).

Unauthorized expenditure is accounted for as an expense in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

23. IRREGULAR EXPENDITURE

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the Municipality's supply chain management policy. Irregular expenditure excludes unauthorised expenditure.

Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

24. FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

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**ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
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25. TAX

25.1 Normal Tax Expense:

No provision has been made for taxation as the municipality is exempt from taxation in terms of section 10(1)(A) of the Income Tax Act.

25.2 VAT

The Municipality accounts for Value Added Tax on payments basis. This means that VAT is declared to the South African Revenue Services as input VAT or output VAT only when payments are made to suppliers or payments are received for goods or services. The net output VAT on debtors where money has not been received or creditors where payment has not been made is disclosed separately in the Statement of Financial Position in terms of GRAP 1.

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

	2015	2014
	R	R
1. HOUSING DEVELOPMENT FUND		
The Housing Development Fund is represented by the following assets		
Fixed Assets	82 401 808	75 849 688
Bank and cash	12 641 298	12 183 994
Accumulated surplus	(41 126 704)	(38 100 138)
Total Housing Development Fund Assets and Liabilities	53 916 402	49 933 544
2. LONG-TERM LIABILITIES		
Annuity Loans	600 897 029	726 466 370
Less: Current portion transferred to current liabilities	(129 686 830)	(124 739 142)
Total Long-Term Liabilities	471 210 199	601 727 228

Refer to Appendix A for more detail on long-term liabilities

City of uMhlathuze
ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2015

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015 (continued)

2. LONG-TERM LIABILITIES (continued)

	External Loans repayments - future years												
	DBSA	DBSA	INCA	Standard Bank	Nedbank	INCA	DBSA	DBSA	DBSA	Nedbank	Nedbank	Nedbank	Total
	10 304 806	3 436 855	6 937 066	6 630 015	11 792 377	110 916 995	118 350 485	16 824 470	53 647 610	110 160 276	61 896 074	90 000 000	600 897 029
	12.00%	14.50%	13.95%	8.04%	6.00%	8.75%	11.70%	6.75%	11.57%	11.26%	9.59%	10.13%	
2016	5 347 477	1 403 464	2 570 621	6 934 448	6 168 864	33 473 084	42 207 733	4 871 725	17 142 868	31 894 160	12 302 863	18 889 422	183 206 729
2017	5 347 477	1 403 464	2 570 621			33 473 084	42 207 733	4 871 725	17 142 868	31 894 160	12 302 863	17 851 444	169 065 439
2018	5 347 477	1 403 464	2 570 621			33 473 084	42 207 733	4 871 725	17 142 868	31 894 160	12 302 863	16 819 016	168 033 011
2019			1 298 842			33 473 084	21 103 724	4 871 725	17 142 868	31 894 160	12 302 863	15 812 955	137 900 221
2020										15 947 080	12 302 863	14 854 074	43 104 017
2021											12 302 863	13 800 832	26 103 695
2022											12 302 863	12 787 832	25 090 695
2023												11 773 444	11 773 444
2024												10 757 668	10 757 668
	16 042 431	4 210 392	9 010 705	6 934 448	6 168 864	133 892 336	147 726 923	19 486 900	68 571 472	143 523 720	86 120 041	133 346 686	775 034 918

Disclosure about the Terms and Conditions of Financial Instruments - Borrowings

Future payments are based on the balances at 30 June 2014

- (i) The interest rate applicable to the Standard Bank and Nedbank loans is variable and yearly instalments are therefore subject to interest rate risk
- (ii) Lease liability has been settled in full
- (iii) Yearly instalments payable bi-annually, consist of capital redemption and interest due. No other requirements are attached.
- (iv) No early settlement options are available to Council.
- (v) Conversion options are not available.
- (vi) There is no security given against the loans
- (vii) Receipts or payments of the loans are in South African currency

City of uMhlathuze
ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2015

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015 (continued)

	2015 R	2014 R
3. CONSUMER DEPOSITS		
Electricity and Water	39 924 454	37 644 455
Other	4 027 612	7 263 820
Total Deposits	43 952 066	44 908 275
Guarantees held in lieu of Electricity and Water Deposits	53 896 633	52 819 433
4. TRADE AND OTHER PAYABLES		
Trade payables	233 426 133	159 227 516
Other payables	46 623 755	103 298 531
Retentions	35 821 189	17 723 430
Amounts received in advance	41 944 892	59 008 180
Total Trade and Other Payables	357 815 969	339 257 657
5. UNSPENT CONDITIONAL GRANTS AND RECEIPTS		
Conditional Grants from other spheres of Government		
Financial Management Grant	-	-
Restructuring Grant	9 385	9 385
Infrastructure Skills Development Grant	(1 071 692)	(989 452)
Municipal Infrastructure Grant	9 099 693	50 314 601
Energy Efficiency and Demand Side Management Grant	-	3 292 740
Municipal Water Infrastructure Grants	4 122 859	12 233 687
Rural Household Infrastructure Grant	2 352 375	4 000 000
Provincial Local Government Grants	7 272 093	3 179 230
Provincial Development Planning Grants	8 459	8 459
Provincial Housing Grants	14 838 929	25 291 978
Provincial Library Services Subsidies	380 762	421 375
Provincial Community Development Workers Programme	19 038	19 038
Department of Sport & Recreation	58 138	540 902
Department of Water Affairs (DWAF) Water Services Programme	205 307	205 307
Department of Water Affairs (DWAF) Refurbishment Grant	1 257 477	-
Department of Water Affairs (DWAF) Water Conservation and Demand Management Grant	-	177 060
Department of Agriculture and Environmental Affairs	94 644	207 379
uThungulu District Municipality Capacity Building Grant	1 771	1 771
uThungulu District Municipality Museum Operating Subsidy	11 849	11 849
Department of Minerals and Energy	(7 702 431)	(7 093 892)
Department of Economic Development and Tourism	-	400 000
	30 958 656	92 231 417
Refer to Note 18 for reconciliation of grants from other spheres of government		

City of uMhlathuze
ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2015

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

	2015	2014
	R	R
6. VAT		
Output suspense	18 414 198	20 585 182
Input suspense	(24 237 818)	(26 827 952)
Output payable	(4 358 461)	(3 314 004)
VAT receivable/ (claimable)	(10 182 081)	(9 556 774)

VAT is payable on the payment basis. Only once payment is made or received is VAT claimed or paid over to SARS. All VAT returns have been submitted by the due date throughout the year.

	2015	2014 Restated
	R	R
7. INVENTORY		
Consumables stores - at cost	16 534 888	13 108 447
Water - at cost	364 829	336 050
Land	56 055 000	90 480 000
Closing balance of inventories	72 954 717	103 924 497

8. HERITAGE ASSETS	Buildings	Other	Paintings and Statues	Total
As at 30 June 2014				
Opening balance	2 242 681	235 101	245 913	2 723 695
Transfers/ Adjustments	-	-	-	-
Additions	-	-	-	-
Disposals	-	-	-	-
Closing balance	2 242 681	235 101	245 913	2 723 695
As at 30 June 2015				
Opening balance	2 242 681	235 101	245 913	2 723 695
Transfers/ Adjustments	-	-	-	-
Additions	-	-	-	-
Disposals	-	-	-	-
Closing balance	2 242 681	235 101	245 913	2 723 695

City of uMhlathuze
ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2015

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

9. PROPERTY, PLANT AND EQUIPMENT

30 June 2015

Reconciliation of carrying values

Carrying Values

At 1 July 2014

	Land	Housing	Infrastructure	Community	Other	Total
	534 976 950	76 993 365	3 603 184 535	213 000 917	275 050 208	4 703 205 975
Cost	534 976 950	84 151 732	9 820 426 765	304 713 610	508 080 448	11 252 349 505
Accumulated depreciation	-	(7 158 367)	(6 217 242 230)	(91 712 693)	(233 030 240)	(6 549 143 530)
Acquisitions	-	6 991 813	77 428 230	31 215 577	111 689 213	227 324 833
Capital under construction	-	-	223 199 958	2 366 921	507 429	226 074 308
Transfer to inventory land	(1 550 000)	-	-	-	-	(1 550 000)
Transfer of accumulated depreciation	-	-	-	-	-	-
Depreciation	-	(1 583 370)	(279 104 014)	(12 726 087)	(43 980 297)	(337 393 768)
Cost	-	(1 583 370)	(279 104 014)	(12 726 087)	(43 980 297)	(337 393 768)
Revaluation	-	-	-	-	-	-
Carrying value of disposals	-	-	-	-	(315 170)	(315 170)
Cost	-	-	-	-	(1 393 282)	(1 393 282)
Revaluation	-	-	-	-	-	-
Accumulated depreciation	-	-	-	-	1 078 112	1 078 112

Carrying Values

At 30 June 2015

Cost	533 426 950	91 143 545	10 121 054 953	338 296 108	618 883 808	11 702 805 364
Accumulated depreciation	-	(8 741 737)	(6 496 346 244)	(104 438 780)	(275 932 425)	(6 885 459 186)

City of uMhlathuze
ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2015

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

9. PROPERTY, PLANT AND EQUIPMENT (continued)

30 June 2014 RESTATED

Reconciliation of carrying values

Carrying Values

At 1 July 2013

	Land	Housing	Infrastructure	Community	Other	Total
	538 179 950	71 553 999	3 129 608 591	197 362 747	205 740 132	4 142 445 419
Cost	538 179 950	78 659 014	9 588 583 849	287 204 932	456 134 986	10 948 762 731
Accumulated depreciation	-	(7 105 015)	(6 458 975 258)	(89 842 185)	(250 394 854)	(6 806 317 312)
Acquisitions	-	-	99 113 311	10 956 701	40 551 500	150 621 512
Capital under construction	-	5 492 718	132 729 605	6 551 977	5 104 934	149 879 234
Transfer to inventory land	(3 203 000)	-	-	-	-	(3 203 000)
Transfer from Intangible Assets	-	-	-	-	3 586 640	3 586 640
Cost	-	-	-	-	6 353 340	6 353 340
Accumulated Depreciation	-	-	-	-	(2 766 700)	(2 766 700)
Depreciation	-	(1 197 029)	(196 960 777)	(10 758 129)	(32 058 386)	(240 974 321)
Cost	-	(1 197 029)	(196 960 777)	(10 758 129)	(32 058 386)	(240 974 321)
Revaluation	-	-	-	-	-	-
Carrying value of disposals	-	-	-	-	(43 101)	(43 101)
Cost	-	-	-	-	(64 312)	(64 312)
Revaluation	-	-	-	-	-	-
Accumulated depreciation	-	-	-	-	21 211	21 211
Correction of Accumulated Depreciation - prior year error	-	1 143 677	438 693 805	8 887 621	52 168 489	500 893 592
Carrying Values	534 976 950	76 993 365	3 603 184 535	213 000 917	275 050 208	4 703 205 975
At 30 June 2014						
Cost	534 976 950	84 151 732	9 820 426 765	304 713 610	508 080 448	11 252 349 505
Accumulated depreciation	-	(7 158 367)	(6 217 242 230)	(91 712 693)	(233 030 240)	(6 549 143 530)

City of uMhlathuze
ANNUAL FINANCIAL STATEMENTS
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NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

	R
10. INTANGIBLE ASSETS	
As at 1 July 2013	
Cost	23 070 062
Accumulated amortisation	(11 882 386)
Carrying value	11 187 676
Acquisitions	3 599 443
Amortisation	(2 627 456)
Transfer to Property Plant and Equipment	
Cost	
Accumulated Depreciation	(6 353 340)
	2 766 700
Transfer to Accumulated surplus - Prior Period	
Error	
Costs	(7 248 931)
Correction of accumulated depreciation - prior year	5 963 653
As at 30 June 2014	
Cost	13 067 234
Accumulated amortisation	(5 779 489)
Carrying value	7 287 745
Acquisitions	973 570
Disposals	-
Amortisation	(1 807 982)
As at 30 June 2015	
Cost	14 040 804
Accumulated amortisation	(7 587 471)
Carrying value	6 453 333

City of uMhlathuze
ANNUAL FINANCIAL STATEMENTS
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NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

11. INVESTMENT PROPERTY
30 June 2015

TOWN STAND #	STAND #	DEEDS #	LIFE SPAN	NAME	CARRYING VALUES AS AT 01 JULY 2014	COST	ACCUMULATED DEPRECIATION	DEPRECIATION	DISPOSAL	CARRYING VALUES AS AT 30 JUNE 2015	COST	ACCUMULATED DEPRECIATION
EMPANGENI	45	T29874/1996	-	Zululand Built-It	1 000	1 000	-	-	-	1 000	1 000	
EMPANGENI	56	T2643/1933	-	Manilall A	4 300 000	4 300 000	-	-	-	4 300 000	4 300 000	-
EMPANGENI	63	T2437/1970	-	Y S Cellular CC	2 000 000	2 000 000	-	-	-	2 000 000	2 000 000	-
RICHARDS BAY	67	T40386/2001	-	Van Rooyen K M	1 350 000	1 350 000	-	-	-	1 350 000	1 350 000	-
RICHARDS BAY	GV15825	T12114/1976	25	Richards Bay Airport Company (PTY) LTD	21 286 158	25 315 591	(4 029 433)	(610 243)	-	20 675 915	25 315 591	(4 639 676)
EMPANGENI	246	G93/1960	-	Emanzini Leisure Resort	1 100 000	1 100 000	-	-	-	1 100 000	1 100 000	-
RICHARDS BAY	617	T22887/2000	25	Meerensee Mall Scoonies Vier	4 748 755	6 663 646	(1 914 891)	(77 713)	-	4 671 042	6 663 646	(1 992 604)
RICHARDS BAY	620	T15638/1978	-	Schoonies Vier (PTY) LTD	4 500 000	4 500 000	-	-	-	4 500 000	4 500 000	-
NGWELEZANE	752	T64286/2000	-	Biyela A S	47 000	47 000	-	-	-	47 000	47 000	-
NSELENI	1 342	TG65440/2003	-	Gumede S M	40 000	40 000	-	-	-	40 000	40 000	-
EMPANGENI	2 015	T5367/1980	-	Mtshali D	680 000	680 000	-	-	-	680 000	680 000	-
RICHARDS BAY	2 305	G128/1973	-	Bundu Nursery	250 000	250 000	-	-	-	250 000	250 000	-
RICHARDS BAY	5 333	T14569/1979	-	Grindrod Terminals	9 000 000	9 000 000	-	-	(9 000 000)	-	-	-
RICHARDS BAY	5 333	T6915/1993	-	Benians B S Construction	1 000 000	1 000 000	-	-	-	1 000 000	1 000 000	-
RICHARDS BAY	5 333	T6915/1993	-	Benians B S Construction	700 000	700 000	-	-	-	700 000	700 000	-
RICHARDS BAY	5 333	T6915/1993	-	Lease Group 5 Civils	860 000	860 000	-	-	-	860 000	860 000	-
RICHARDS BAY	5 333	T6915/1993	-	Morganrite SA (PTY) LTD	180 000	180 000	-	-	-	180 000	180 000	-
RICHARDS BAY	5 333	T4097/2006	-	Lease Foskor (Gypsum Dam)	70 000	70 000	-	-	-	70 000	70 000	-
RICHARDS BAY	5 333	T4097/2006	-	Lease Foskor (Retention Dam)	250 000	250 000	-	-	-	250 000	250 000	-
RICHARDS BAY	5 333	T4097/2006	-	Lease Foskor (Conveyer Beld)	75 000	75 000	-	-	-	75 000	75 000	-
RICHARDS BAY	5 333	T4097/2006	-	Lease Foskor (Conveyer Beld)	500 000	500 000	-	-	-	500 000	500 000	-
RICHARDS BAY	5 333	T4097/2006	-	Waste Site	1 500 000	1 500 000	-	-	-	1 500 000	1 500 000	-
RICHARDS BAY	5 333	T19417/2001	-	Lease Grindrod Terminals	1 500 000	1 500 000	-	-	-	1 500 000	1 500 000	-
RICHARDS BAY	5 333	T19417/2001	-	Green Africa Nursery	150 000	150 000	-	-	-	150 000	150 000	-
RICHARDS BAY	5 333	T19417/2001	-	Ribeiro L M R	4 500 000	4 500 000	-	-	-	4 500 000	4 500 000	-
RICHARDS BAY	6 364	T4199/1980	-	Checkers	240 000	240 000	-	-	-	240 000	240 000	-
EMPANGENI	8 436	T37193/1995	-	Neliswa Eating House	6 100 000	6 100 000	-	-	-	6 100 000	6 100 000	-
RICHARDS BAY	9 893	T26939/1988	-	Naicker V	380 000	380 000	-	-	-	380 000	380 000	-
RICHARDS BAY	10 033	T28872/1991	-	LOT 11161 (PTY) LTD	530 000	530 000	-	-	-	530 000	530 000	-
RICHARDS BAY	11 376	T34219/1993	-	Pulp United (PTY) LTD	56 000 000	56 000 000	-	-	-	56 000 000	56 000 000	-
RICHARDS BAY	11 377	T21885/1993	-	Mantis Properties CC	1 600 000	1 600 000	-	-	-	1 600 000	1 600 000	-
RICHARDS BAY	2 627	T16212/1978	-	Ferreira M S	1 200 000	1 200 000	-	-	-	1 200 000	1 200 000	-
RICHARDS BAY	GV16990	T789/1999	25	Imvubu Lodge/River Rock	8 553 915	9 448 505	(894 591)	(45 284)	-	8 508 630	9 448 505	(939 875)
					135 191 828	142 030 742	(6 838 915)	(733 241)	(9 000 000)	125 458 587	133 030 742	(7 572 156)

City of uMhlathuze
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NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

11. INVESTMENT PROPERTY (continued)

30 June 2014 Restated

TOWN STAND #	STAND #	DEEDS #	LIFESPAN	NAME	CARRYING VALUES AS AT 01 JULY 2012	COST	ACCUM DEPRE	DEPRECIATION	DEPRECIATION WRITE BACK	DISPOSAL	CARRYING VALUES AS AT 30 JUNE 2013	COST	ACCUMULATED DEPRECIATION
EMPANGENI	45	T29874/1996	-	Zululand Built-It	1 000	1 000	-	-	-	-	1 000	1 000	-
EMPANGENI	56	T2643/1933	-	Manilali A	4 300 000	4 300 000	-	-	-	-	4 300 000	4 300 000	-
EMPANGENI	63	T2437/1970	-	Y S Cellular CC	2 000 000	2 000 000	-	-	-	-	2 000 000	2 000 000	-
RICHARDS BAY	67	T40386/2001	-	Van Rooyen K M	1 350 000	1 350 000	-	-	-	-	1 350 000	1 350 000	-
RICHARDS BAY	GV15825	T12114/1976	25	Richards Bay Airport Company (PTY) LTD	21 524 120	25 315 591	(3 791 471)	(617 359)	379 397	-	21 286 158	25 315 591	(4 029 433)
EMPANGENI	246	G93/1960	-	Emanzini Leisure Resort	1 100 000	1 100 000	-	-	-	-	1 100 000	1 100 000	-
RICHARDS BAY	617	T22887/2000	25	Meerensee Mall Scoonies Vier	4 698 902	6 663 646	(1 964 744)	(77 709)	127 562	-	4 748 755	6 663 646	(1 914 891)
RICHARDS BAY	620	T15638/1978	-	Schoonies Vier (PTY) LTD	4 500 000	4 500 000	-	-	-	-	4 500 000	4 500 000	-
NGWELEZANE	752	T64286/2000	-	Biyela A S	47 000	47 000	-	-	-	-	47 000	47 000	-
NSELENI	1 342	TG65440/2003	-	Gumede S M	40 000	40 000	-	-	-	-	40 000	40 000	-
EMPANGENI	2 015	T5367/1980	-	Mtshali D	680 000	680 000	-	-	-	-	680 000	680 000	-
RICHARDS BAY	2 305	G128/1973	-	Bundu Nursery	250 000	250 000	-	-	-	-	250 000	250 000	-
RICHARDS BAY	5 333	T14569/1979	-	Grindrod Terminals	9 000 000	9 000 000	-	-	-	-	9 000 000	9 000 000	-
RICHARDS BAY	5 333	T6915/1993	-	Benians B S Construction	1 000 000	1 000 000	-	-	-	-	1 000 000	1 000 000	-
RICHARDS BAY	5 333	T6915/1993	-	Benians B S Construction	700 000	700 000	-	-	-	-	700 000	700 000	-
RICHARDS BAY	5 333	T6915/1993	-	Lease Group S Civils	860 000	860 000	-	-	-	-	860 000	860 000	-
RICHARDS BAY	5 333	T6915/1993	-	Morganrite SA (PTY) LTD	180 000	180 000	-	-	-	-	180 000	180 000	-
RICHARDS BAY	5 333	T4097/2006	-	Lease Foskor (Gypsum Dam)	70 000	70 000	-	-	-	-	70 000	70 000	-
RICHARDS BAY	5 333	T4097/2006	-	Lease Foskor (Retention Dam)	250 000	250 000	-	-	-	-	250 000	250 000	-
RICHARDS BAY	5 333	T4097/2006	-	Lease Foskor (Conveyer Beld)	75 000	75 000	-	-	-	-	75 000	75 000	-
RICHARDS BAY	5 333	T4097/2006	-	Lease Foskor (Conveyer Beld)	500 000	500 000	-	-	-	-	500 000	500 000	-
RICHARDS BAY	5 333	T4097/2006	-	Waste Site	1 500 000	1 500 000	-	-	-	-	1 500 000	1 500 000	-
RICHARDS BAY	5 333	T19417/2001	-	Lease Grindrod Terminals	1 500 000	1 500 000	-	-	-	-	1 500 000	1 500 000	-
RICHARDS BAY	5 333	T19417/2001	-	Green Africa Nursery	150 000	150 000	-	-	-	-	150 000	150 000	-
RICHARDS BAY	5 333	T19417/2001	-	Ribeiro L M R	4 500 000	4 500 000	-	-	-	-	4 500 000	4 500 000	-
RICHARDS BAY	6 364	T4199/1980	-	Checkers	240 000	240 000	-	-	-	-	240 000	240 000	-
EMPANGENI	8 436	T37193/1995	-	Neliswa Eating House	6 100 000	6 100 000	-	-	-	-	6 100 000	6 100 000	-
RICHARDS BAY	9 893	T26939/1988	-	Naicker V	380 000	380 000	-	-	-	-	380 000	380 000	-
RICHARDS BAY	10 033	T28872/1991	-	LOT 11161 (PTY) LTD	530 000	530 000	-	-	-	-	530 000	530 000	-
RICHARDS BAY	11 376	T34219/1993	-	Pulp United (PTY) LTD	56 000 000	56 000 000	-	-	-	-	56 000 000	56 000 000	-
RICHARDS BAY	11 377	T21885/1993	-	Mantis Properties CC	1 600 000	1 600 000	-	-	-	-	1 600 000	1 600 000	-
RICHARDS BAY	2 627	T16212/1978	-	Ferreira M S	1 200 000	1 200 000	-	-	-	-	1 200 000	1 200 000	-
RICHARDS BAY	GV16990	T789/1999	25	Imvubu Lodge/River Rock	8 486 105	9 448 505	(962 401)	(43 343)	111 153	-	8 553 915	9 448 505	(894 591)
					135 312 126	142 030 742	(6 718 616)	(738 411)	618 113	-	135 191 828	142 030 742	(6 838 915)

City of uMhlathuze
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NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

	2015	2014
	R	R
12. TRADE RECEIVABLES		
From exchange transactions	249 743 878	280 380 207
Electricity	82 023 194	116 881 680
June consumption billed in July	73 815 261	86 792 408
Water	60 303 029	44 759 759
June consumption billed in July	14 479 270	13 544 024
June water surcharge billed in July	274 562	191 757
Sewerage	11 514 336	11 302 677
Special sewer charges	280 636	219 997
June sewer surcharge billed in July	168 756	189 927
Refuse	6 884 834	6 497 978
Rental	8 659 841	13 991 261
Sundry	20 452 303	27 552 360
From non-exchange transaction	82 154 926	80 828 155
Rates	36 430 761	29 605 435
Traffic fines	45 724 165	51 222 720
Gross Balance	361 010 948	402 751 983
Less: Provision for doubtful debts	(109 661 193)	(86 222 720)
Net Balance	251 349 755	316 529 263
Rates - Ageing		
Current (0 - 30) days	22 149 852	18 813 078
31 - 60 days	3 072 925	1 793 539
61 - 90 days	1 219 739	926 472
91 - 120 days	1 342 991	621 356
121 - 360 days	4 084 441	3 376 680
361+ days	4 606 144	4 074 310
Total	36 476 092	29 605 435
Electricity, Water, Sewerage and Refuse - Ageing		
Current (0 - 30) days	98 101 431	232 386 429
31 - 60 days	6 572 497	6 946 391
61 - 90 days	4 155 250	3 139 334
91 - 120 days	3 128 514	5 064 203
121 - 360 days	17 442 230	11 483 306
361+ days	31 325 471	21 360 544
Total	160 725 393	280 380 207

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	2015	2014
	R	R
12. TRADE RECEIVABLES (continued)		
Rental		
Current (0 - 30) days	328 321	740 577
31 - 60 days	142 549	366 954
61 - 90 days	126 315	344 537
91 - 120 days	122 981	342 491
121 - 360 days	1 063 960	3 889 497
361+ days	6 875 715	8 307 205
Total	8 659 841	13 991 261
Sundry		
Current (0 - 30) days	(2 188 463)	2 212 181
31 - 60 days	3 037 834	1 141 460
61 - 90 days	1 051 724	583 055
91 - 120 days	(264 560)	3 324 288
121 - 360 days	3 298 575	7 298 331
361+ days	15 459 462	12 993 045
Total	20 394 572	27 552 360
Traffic fines		
Current (0 - 30) days	957 375	5 587 750
31 - 60 days	4 045 800	5 826 595
61 - 90 days	4 498 075	5 047 200
91 - 120 days	3 494 100	3 776 400
121 - 360 days	32 728 815	30 984 775
361+ days	-	-
Total	45 724 165	51 222 720
Neither passed due or impaired	147 271 224	285 855 552
Past due and impaired	109 661 193	86 222 720
Past due and not impaired	104 078 531	30 673 711
	361 010 948	402 751 983
Reconciliation of the bad debt provision		
Balance at beginning of the year	86 222 720	23 000 000
Contributions to the provision	78 710 286	67 968 747
Bad debts written off against the provision	(55 271 813)	(4 746 027)
Balance at end of the year	109 661 193	86 222 720

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12. TRADE RECEIVABLES (continued)

Summary of debtors by customer classification	Residential	Industry/ commercial	Municipal/ State	Fines	Total
	R	R	R	R	R
30 June 2015					
Current (0 - 30) days	92 141 116	120 162 314	7 990 733	957 375	221 251 538
31 - 60 days	2 352 724	3 890 220	310 083	4 045 800	10 598 827
61 - 90 days	2 047 943	1 731 693	550 290	4 498 075	8 828 001
91 - 120 days	2 377 985	2 061 703	33 117	3 494 100	7 966 905
121+ days	40 255 112	37 628 750	1 753 001	32 728 814	112 365 677
sub-total	139 174 880	165 474 680	10 637 224	45 724 164	361 010 948
Less: Provision for bad debt	(34 424 750)	(29 203 267)	(2 221 983)	(43 811 193)	(109 661 193)
Total debtors by customer classification	104 750 130	136 271 413	8 415 241	1 912 971	251 349 755
30 June 2014					
Current (0 - 30) days	41 081 411	214 610 101	8 702 882	5 587 750	269 982 144
31 - 60 days	1 996 959	2 795 717	200 722	5 826 595	10 819 993
61 - 90 days	1 562 563	8 063 056	(273 282)	5 047 200	14 399 537
91 - 120 days	1 391 607	3 656 008	84 028	3 776 400	8 908 043
121+ days	33 849 218	31 442 372	2 365 901	30 984 775	98 642 266
sub-total	79 881 758	260 567 254	11 080 251	51 222 720	402 751 983
Less: Provision for bad debt	(22 571 880)	(10 920 634)	(1 507 486)	(51 222 720)	(86 222 720)
Total debtors by customer classification	57 309 878	249 646 620	9 572 765	-	316 529 263

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	2015	2014
	R	R
13. LONG-TERM RECEIVABLES		
Housing loans to staff	29 344	46 008
Study loans	129 691	154 234
Bursaries	-	-
Sub-total	159 035	200 242
Less: Current portion transferred to current assets	(44 104)	(41 215)
Total Long-Term Receivables	114 931	159 027

Housing loans, car loans and bursaries were made in terms of council policies on these schemes. No new housing or car loans have been granted since the effective implementation date of the MFMA. There are no significant terms or conditions that will affect the timeous recovery of these amounts.

14. OTHER RECEIVABLES

Payments made in advance	19 702 316	5 758 608
Other receivables	32 016 729	26 251 348
Total Other Receivables	51 719 044	32 009 955

15. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the cash flow statement comprise the following statement of amounts:

Bank balances and cash	271 637 538	364 509 347
Call investment deposits	150 000 000	40 000 000
Total bank balances and cash	421 637 538	404 509 347

Bank Accounts

The municipality has the following bank accounts:

Current Account (Primary Account)

ABSA Bank - Richards Bay

Current/ Cheque account number: 2150 000 028

Cash book balance at beginning of the year	9 678 944	(22 308 662)
Cash book balance at end of the year	90 404 944	9 678 944
Bank statement balance at beginning of the year	8 289 830	15 959 441
Bank statement balance at end of the year	80 869 212	8 289 830

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	2015	2014
	R	R
15. CASH AND CASH EQUIVALENTS (continued)		
Deposit Account		
ABSA Bank - Richards Bay		
Current/ Deposit account number: 2150 000 095		
Cash book balance at beginning of the year	61 163 093	22 671 751
Cash book balance at end of the year	35 019 023	61 163 093
Bank statement balance at beginning of the year	57 250 974	21 069 963
Bank statement balance at end of the year	25 349 891	57 250 974
Hostel Account		
ABSA Bank - Richards Bay		
Current/ Deposit account number: 90 8291 6767		
Cash book balance at beginning of the year	4 128 984	1 621 397
Cash book balance at end of the year	(204 334)	4 128 984
Bank statement balance at beginning of the year	4 117 052	1 618 259
Bank statement balance at end of the year	1 081	4 117 052
Hostel Account - Phase 2		
ABSA Bank - Richards Bay		
Current/ Deposit account number: 90 3367 4990		
Cash book balance at beginning of the year	9 267 014	8 872 875
Cash book balance at end of the year	756 997	9 267 014
Bank statement balance at beginning of the year	9 241 947	8 850 204
Bank statement balance at end of the year	754 859	9 241 947
Hostel Account - Phase 3		
ABSA Bank - Richards Bay		
Current/ Deposit account number: 92 8322 1999		
Cash book balance at beginning of the year	21 228 774	20 245 048
Cash book balance at end of the year	19 333 756	21 228 774
Bank statement balance at beginning of the year	21 188 950	20 209 133
Bank statement balance at end of the year	19 296 010	21 188 950

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	2015 R	2014 R
15. CASH AND CASH EQUIVALENTS (continued)		
Housing Account - Brackenham		
ABSA Bank - Richards Bay		
Current/ Deposit account number: 91 2361 5121		
Cash book balance at beginning of the year	5 085 612	4 945 013
Cash book balance at end of the year	5 296 820	5 085 612
Bank statement balance at beginning of the year	5 082 521	4 927 799
Bank statement balance at end of the year	5 295 780	5 082 521
Housing Account - Ngwelezane		
ABSA Bank - Richards Bay		
Current/ Deposit account number: 91 7137 3496		
Cash book balance at beginning of the year	2 114 062	2 083 770
Cash book balance at end of the year	2 249 160	2 114 062
Bank statement balance at beginning of the year	2 142 549	2 076 516
Bank statement balance at end of the year	2 248 689	2 142 549
Housing Account - Pionierhof		
ABSA Bank - Richards Bay		
Current/ Deposit account number: 90 9224 7889		
Cash book balance at beginning of the year	4 984 320	4 849 961
Cash book balance at end of the year	5 095 318	4 984 320
Bank statement balance at beginning of the year	4 981 639	4 842 451
Bank statement balance at end of the year	5 094 504	4 981 639
Conditional Grants		
ABSA Bank - Richards Bay		
Current/ Deposit account number: 91 7137 3917		
Cash book balance at beginning of the year	122 798 934	107 697 729
Cash book balance at end of the year	112 416 327	122 798 934
Bank statement balance at beginning of the year	122 289 548	107 322 834
Bank statement balance at end of the year	111 983 732	122 289 548

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	2015 R	2014 R
15. CASH AND CASH EQUIVALENTS (continued)		
Capital Replacement Reserve		
ABSA Bank - Richards Bay		
Current/ Deposit account number: 92 7206 8005		
Cash book balance at beginning of the year	123 993 050	52 061 052
Cash book balance at end of the year	1 228 970	123 993 050
Bank statement balance at beginning of the year	123 931 932	52 037 979
Bank statement balance at end of the year	1 228 337	123 931 932
Petty Cash		
Balance at beginning of the year	33 550	32 550
Balance at end of the year	36 848	33 550
Deposit Account		
ABSA Bank - Richards Bay		
Current/ Deposit account number: 40 7928 6548		
Cash book balance at beginning of the year	3 010	3 010
Cash book balance at end of the year	3 710	3 010
Bank statement balance at beginning of the year	761 907	761 907
Bank statement balance at end of the year	572 120	761 907
16. PROPERTY RATES		
Actual		
Residential	117 217 962	105 455 053
Commercial	196 537 890	154 614 602
State	22 751 307	18 179 137
Total Property Rates	336 507 159	278 248 792
Property rates - penalties imposed and collection charges	1 658 722	1 430 075
Total Assessment Rates	338 165 881	279 678 867
Property Valuations		
Residential	18 636 438 510	18 524 212 310
Commercial	13 104 145 000	12 404 496 000
State	3 180 248 100	2 910 240 100
Municipal	1 965 159 450	1 758 416 450
Total Property Valuations	36 885 991 060	35 597 364 860

The first valuation in terms of the Property Rates Act No 6 of 2004 came into effect on 01 July 2008. Valuations were performed on land and buildings together. Valuations on land and buildings are performed every four years. The last valuation came into effect on 1 July 2013. One supplementary valuation roll and objection roll in terms of the new Act were processed during the financial year. The following rate randage and ratio to residential tariff were applied:

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16. PROPERTY RATES (continued)

Predominant Use	Rate Randage	Ratio to Residential Tariff
Residential	0.0078	1:1
Business/Commercial	0.0164	1:2.1
Industrial	0.0171	1:2.2
Agricultural	0.0019	1:0,25
Public Service Purposes(State owned)	0.009	1:1.1
Public Services Infrastructure	0.0019	1:0,25
Public Benefit Organisations	0.0019	1:0,25
Mining	0.0179	1:2.3
Vacant Land	0.0117	1:1.5

Subject to the provisions contained in the Rates Policy and upon application,

the following rebates were applied:

Agricultural Properties - 5%

Non Profit Organisation - 20%

Pensioners - R150 000 Valuation Reduction on primary developed property

In addition to the statutory R15 000 reduction in the valuation on residential properties, a further reduction of R95 000 of the valuation on all developed residential properties with >R400 000 was made.

Rates are levied on a monthly basis but upon request can be levied annually. The final date for payment of rates that are levied on an annual basis is 30 September of each year, and 30 June for monthly ratepayers. Interest of prime plus 1% per annum is levied on outstanding rates.

	2015 R	2014 R
17. SERVICE CHARGES		
Sale of electricity	1 336 446 889	1 311 518 791
Sale of water	195 101 688	171 515 804
Surcharge on water	5 358 730	5 036 274
Refuse removal	61 353 146	58 413 911
Sewerage and sanitation charges	75 579 482	71 241 383
Total Service Charges	1 673 839 935	1 617 726 163

An amount of R8 920 252.44 (2014: R8 559 837.89) received in respect of prepaid electricity sales has been deferred and transferred to amounts received in advance.

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	2015	2014
	R	R
18. GOVERNMENT GRANTS AND SUBSIDIES		
Equitable Share	204 800 000	190 384 000
Financial Management Grant	1 600 000	2 665 726
Restructuring Grant	-	206 584
Municipal Systems Improvement Grant	930 000	890 000
Infrastructure Skills Development Grant	8 082 240	7 210 652
Municipal Infrastructure Grant (MIG)	147 831 295	89 493 495
Energy Efficiency and Demand Side Management Grant	3 292 740	3 390 572
Expanded Public Works Programme Integrated Grant	1 896 000	996 085
Municipal Water Infrastructure Grant	26 960 828	5 313 313
Rural Household Infrastructure Grant	6 147 625	9 644 800
Provincial Health Subsidies	5 964 600	8 076 747
Provincial Local Government Grants	2 907 137	46 390
Provincial Development Planning Grants	-	12 267 824
Provincial Housing Grants	15 228 138	6 360 354
Provincial Library Service Subsidies	6 876 613	284 000
Provincial Museum Services Subsidies	151 000	167 279
Provincial Department of Transport Subsidy	11 177 652	7 210 070
Department of Water Affairs (DWAF) Water Conservation and Demand Management Grant	177 061	712 175
Department of Agriculture and Environmental Affairs	112 735	178 562
Department of Sport and Recreation	3 778 697	-
Department of Minerals and Energy	8 608 539	7 093 892
uThungulu District Municipality Environmental Health service cost	-	4 856 400
uThungulu District Municipality Capacity Building Grants	-	1 742
uThungulu District Municipality Beach Festival	-	55 000
uThungulu District Municipality Bus Shelters and Laybys	-	110 043
Department of Economic Development and Tourism	400 000	-
	456 922 900	357 615 705

18.1 Equitable Share

In terms of the Constitution, this allocation is to provide for an equitable sharing of National Revenue. It is primarily for the provision of basic services.

18.2 Financial Management Grant

Balance unspent at beginning of year	-	1 489 726
Current year receipts	1 600 000	1 176 000
Conditions met - transferred to revenue	(1 600 000)	(2 665 726)
Conditions still to be met - transferred to liabilities	-	-

National Conditional Grants are allocated in terms of the Division of Revenue Act. The Financial Management Grant is used to promote and support reforms in financial management by building capacity in municipalities to implement the Municipal Finance Management Act (MFMA).

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	2015 R	2014 R
18. GOVERNMENT GRANTS AND SUBSIDIES (continued)		
18.3 Restructuring Grant		
Balance unspent at beginning of year	9 385	215 969
Current year receipts	-	-
Conditions met - transferred to revenue	-	(206 584)
Conditions still to be met - transferred to liabilities	<u>9 385</u>	<u>9 385</u>

National Conditional Grant are allocated in terms of the Division of Revenue Act. The Restructuring Grant received in 2002, 2003, and 2004 from National Treasury has been earmarked for certain projects that will improve the local economy.

18.4 Municipal Systems Improvement Grant

Balance unspent at beginning of year	-	-
Current year receipts	930 000	890 000
Conditions met - transferred to revenue	(930 000)	(890 000)
Conditions still to be met - transferred to liabilities	<u>-</u>	<u>-</u>

National Conditional Grant are allocated in terms of the Division of Revenue Act. The Municipal Systems Improvement Grant is used to assist municipalities to perform their functions and stabilise institutional and governance systems as required in the Municipal Systems Act and related legislation.

18.5 Infrastructure Skills Development Grant

Balance unspent at beginning of year	(989 452)	(778 800)
Current year receipts	8 000 000	7 000 000
Conditions met - transferred to revenue	(8 082 240)	(7 210 652)
Conditions still to be met - transferred to liabilities	<u>(1 071 692)</u>	<u>(989 452)</u>

National Conditional Grant are allocated in terms of the Division of Revenue Act. The Infrastructure and skills development grant is used to strengthen capacity of local government, to effectively and efficiently deliver quality infrastructure by increasing the pool of skills available, to facilitate lifelong learning and the transfer of knowledge and skills to municipalities and to sustain infrastructure related management capacity in local government.

18.6 Municipal Infrastructure Grant (MIG)

Balance unspent at beginning of year	50 314 601	64 763 706
Current year receipts	120 831 000	86 733 000
Conditions met - transferred to revenue	(147 831 295)	(89 493 495)
Conditions met - transferred to own revenue	(14 214 613)	(11 688 610)
Conditions still to be met - transferred to liabilities	<u>9 099 693</u>	<u>50 314 601</u>

National Conditional Grant are allocated in terms of the Division of Revenue Act. This grant is used to construct water and sewerage infrastructure as part of the upgrading of informal settlement areas. No funds have been withheld.

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	2015 R	2014 R
18. GOVERNMENT GRANTS AND SUBSIDIES (continued)		
18.7 Energy Efficiency and Demand Side Management Grant		
Balance unspent at beginning of year	3 292 740	6 683 312
Current year receipts	-	-
Conditions met - transferred to revenue	(3 292 740)	(3 390 572)
Conditions still to be met - transferred to liabilities	<u>-</u>	<u>3 292 740</u>

National Conditional Grants are allocated in terms of the Division of Revenue Act. The grant is to be used to implement Energy Efficiency and Demand Side Management initiatives within municipal infrastructure in order to reduce electricity consumption and improve energy efficiency.

18.8 Expanded Public Works Programme (EPWP) Integrated Grant

Balance unspent at beginning of year	-	(3 915)
Current year receipts	1 896 000	1 000 000
Conditions met - transferred to revenue	(1 896 000)	(996 085)
Conditions still to be met - transferred to liabilities	<u>-</u>	<u>-</u>

National Conditional Grants are allocated in terms of the Division of Revenue Act. The grant is to incentivise municipalities to expand work creation efforts through the use of labour intensive delivery methods in compliance with EPWP Guidelines.

18.9 Municipal Water Infrastructure grant

Balance unspent at beginning of year	12 233 687	-
Current year receipts	18 850 000	17 547 000
Conditions met - transferred to revenue	(26 960 828)	(5 313 313)
Conditions still to be met - transferred to liabilities	<u>4 122 859</u>	<u>12 233 687</u>

National Conditional Grants are allocated in terms of the Division of Revenue Act. The grant is to facilitate the planning, acceleration and implementation of various projects that will ensure water supply to communities identified as not receiving a water supply service.

18.10 Rural Household Infrastructure Grant

Balance unspent at beginning of year	4 000 000	-
Current year receipts	4 500 000	4 000 000
Conditions met - transferred to revenue	(6 147 625)	-
Conditions still to be met - transferred to liabilities	<u>2 352 375</u>	<u>4 000 000</u>

National Conditional Grants are allocated in terms of the Division of Revenue Act. The grants is to provide specific capital funding for the reduction of rural sanitation backlogs and to target existing households where bulk-dependent services are not viable.

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	2015	2014
	R	R
18. GOVERNMENT GRANTS AND SUBSIDIES (continued)		
18.11 Provincial Health Subsidies		
Balance unspent at beginning of year	-	-
Current year receipts	5 964 600	9 644 800
Conditions met - transferred to revenue	(5 964 600)	(9 644 800)
Conditions still to be met - transferred to liabilities	<u>-</u>	<u>-</u>

The Municipality renders health services on behalf of the Provincial Government and is refunded approximately 35% of total expenditure incurred. This grant has been used exclusively to fund clinic services. Council was performing this function until 31 December 2015. The conditions of the grant have been met. There was no delay or withholding of the grant.

18.12 Provincial Local Government Grants

Balance unspent at beginning of year	3 179 230	11 255 977
Current year receipts	7 000 000	-
Conditions met - transferred to revenue	(2 907 137)	(8 076 747)
	<u>7 272 093</u>	<u>3 179 230</u>

Provincial Local Government grants are used to implement administrative and financial framework and to provide a municipal infrastructure framework. The grants are spent in accordance with a business plan approved by the Provincial Government.

18.13 Provincial Development Planning Grants

Balance unspent at beginning of year	8 459	54 849
Current year receipts	-	-
Conditions met - transferred to revenue	-	(46 390)
Conditions still to be met - transferred to liabilities	<u>8 459</u>	<u>8 459</u>

Provincial Development Planning grants are used to promote integrated planning and development in the Province. The grants are spent in accordance with a business plan approved by the Provincial Government.

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18. GOVERNMENT GRANTS AND SUBSIDIES (continued)

	2015	2014
	R	R
18.14 Provincial Housing Grants		
Balance unspent at beginning of year	25 291 978	28 101 143
Current year receipts	3 566 560	7 779 080
Conditions met - transferred to revenue	(15 228 138)	(12 267 824)
Interest received	1 208 529	1 679 579
Conditions still to be met - transferred to liabilities	<u><u>14 838 929</u></u>	<u><u>25 291 978</u></u>

Provincial Housing grants were allocated to assist in the refurbishment of various hostels. The grants are spent in accordance with a business plan approved by the Provincial Government. Funds were provided for the housing operating account. Funds were also provided for the Municipality to implement the Enhanced Extended Discount Benefit Scheme. No funds were withheld.

18.15 Provincial Library Services Subsidies

Balance unspent at beginning of year	421 375	215 729
Current year receipts	6 836 000	6 566 000
Conditions met - transferred to revenue	(6 876 613)	(6 360 354)
Conditions still to be met - transferred to liabilities	<u><u>380 762</u></u>	<u><u>421 375</u></u>

Provincial Library Grants were allocated to subsidise the purchase of equipment for various libraries as well as the construction of the Empangeni Library Study hall and to refurbish the community hall at Felixton into a library.

Further funding was received for the installation of computer hardware and software for public internet access, the cost of the internet connectivity, furniture to house these computers and salaries for the employment of "cyber-cadets". The subsidies are spent in accordance with a business plan approved by the Provincial Government. No funds have been withheld.

18.16 Provincial Museum Services Subsidies

Balance unspent at beginning of year	-	-
Current year receipts	151 000	284 000
Conditions met - transferred to revenue	(151 000)	(284 000)
Conditions still to be met - transferred to liabilities	<u><u>-</u></u>	<u><u>-</u></u>

Department of the Premier allocates a subsidy to assist in the daily running of the Empangeni Museum. No funds have been withheld.

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18. GOVERNMENT GRANTS AND SUBSIDIES (continued)

18.17 Provincial Community Development Workers Programme

	2015	2014
	R	R
Balance unspent at beginning of year	19 038	19 038
Current year receipts	-	-
Conditions met - transferred to revenue	-	-
Conditions still to be met - transferred to liabilities	<u>19 038</u>	<u>19 038</u>

Department of Cooperative Governance and Traditional Affairs allocated funds to Council for the administration of the Community Development Workers Programme. No funds have been withheld.

18.18 Provincial Department of Transport

Balance unspent at beginning of year	-	167 279
Current year receipts	-	-
Conditions met - transferred to revenue	-	(167 279)
Conditions still to be met - transferred to liabilities	<u>-</u>	<u>-</u>

Provincial Department of Transport provided for a subsidy for a Pedestrian Safety Project.

18.19 DWAF - Water Services Program

Balance unspent at beginning of year	205 307	205 307
Current year receipts	-	-
Conditions met - transferred to revenue	-	-
Conditions still to be met - transferred to liabilities	<u>205 307</u>	<u>205 307</u>

Department of Water Affairs Sector Institutional Support and Capacity Building Initiatives in support of Water Services Authority and Water Service Provider functions. The grants are spent in accordance with the approved business proposal.

18.20 DWAF - Refurbishment Grant

Balance unspent at beginning of year	-	70
Current year receipts	14 000 000	7 210 000
Conditions met - transferred to revenue	(11 177 652)	(7 210 070)
Conditions still to be met - transferred to liabilities	<u>(1 564 871)</u>	<u>-</u>
	<u>1 257 477</u>	<u>-</u>

Department of Water Affairs Refurbishment Grant and Subsidy for Water Services Works. The grant is spent in accordance with an approved business plan.

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18. GOVERNMENT GRANTS AND SUBSIDIES (continued)	R	R
	2015	2014
18.21 DWAF - Water Conservation and Demand Management		
Balance unspent at beginning of year	889 237	1 725 893
Current year receipts	-	-
Conditions met - transferred to revenue	(712 177)	(836 656)
Conditions still to be met - transferred to liabilities	<u>177 060</u>	<u>889 237</u>

Department of Water Affairs Water Conservation and Demand Management grant in support of capacity building and institutional support. The grant is spent in accordance with an approved business plan.

18.22 uThungulu District Municipality Environmental Health Costs

Balance unspent at beginning of year	-	-
Current year receipts	-	4 856 400
Conditions met - transferred to revenue	-	(4 856 400)
Conditions still to be met - transferred to liabilities	<u>-</u>	<u>-</u>

The function to provide environmental health services was transferred to the District Municipality. Council was performing this function on behalf of the District until 30 June 2014. In terms of a Service Level Agreement the District allocates Council a portion of their Equitable Share allocation.

18.23 uThungulu District Municipality Capacity Building Grant

Balance unspent at beginning of year	1 771	3 513
Current year receipts	-	-
Conditions met - transferred to revenue	-	(1 742)
Conditions still to be met - transferred to liabilities	<u>1 771</u>	<u>1 771</u>

uThungulu District Council allocates funds for capacity building grants. No funds have been withheld.

18.24 uThungulu District Municipality Museum Operating Subsidy

Balance unspent at beginning of year	11 849	11 849
Current year receipts	-	-
Conditions met - transferred to revenue	-	-
Conditions still to be met - transferred to liabilities	<u>11 849</u>	<u>11 849</u>

uThungulu District Council allocated a subsidy to assist in the daily running of the Empangeni Museum. No funds have been withheld.

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	2015	2014
	R	R
18. GOVERNMENT GRANTS AND SUBSIDIES (continued)		
18.25 uThungulu District Municipality - Beach Festival		
Balance unspent at beginning of year	-	-
Current year receipts	-	55 000
Conditions met - transferred to revenue	-	(55 000)
Conditions still to be met - transferred to liabilities	-	-

uThungulu District Council donated funds for the Beach festival

18.26 uThungulu District Municipality - Bus Shelters and Laybys		
Balance unspent at beginning of year	-	110 043
Current year receipts	-	-
Conditions met - transferred to revenue	-	(110 043)
Conditions still to be met - transferred to liabilities	-	-

uThungulu District Council donated funds for Bus Shelters and Laybys.

18.27 Department of Agriculture and Environmental Affairs		
Balance unspent at beginning of year	207 379	385 941
Current year receipts	-	-
Conditions met - transferred to revenue	(112 735)	(178 562)
Conditions still to be met - transferred to liabilities	94 644	207 379

Department of Agriculture and Environmental affairs provided a subsidy for a recycling project. The grants are spent in accordance with an approved business plan

18.28 Department of Minerals and Energy		
Balance unspent at beginning of year	(7 093 892)	-
Current year receipts	8 000 000	-
Conditions met - transferred to revenue	(8 608 539)	(7 093 892)
Conditions still to be met - transferred to liabilities	(7 702 431)	(7 093 892)

Department of Minerals and Energy provided a grant in support of Electrification Projects. The grants are spent in accordance with an approved business plan.

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18. GOVERNMENT GRANTS AND SUBSIDIES (continued)	2015	2014
	R	R
18.29 Department of Sport and Recreation		
Balance unspent at beginning of year	540 902	12 666
Current year receipts	3 295 933	528 236
Conditions met - transferred to revenue	(3 778 697)	-
Conditions still to be met - transferred to liabilities	<u>58 138</u>	<u>540 902</u>

Funds were received from Department of Sport and Recreation for the upgrade of Vulindlela Sport Facility. The grants are spent in accordance with an approved business plan.

18.30 Department of Economic Development and Tourism		
Balance unspent at beginning of year	400 000	-
Current year receipts	-	400 000
Conditions met - transferred to revenue	(400 000)	-
Conditions still to be met - transferred to liabilities	<u>-</u>	<u>400 000</u>

Funds were received from Department of Economic and Development Tourism for the upgrade of Alkandstrad Beach. The grants are spent in accordance with an approved business plan.

19. OTHER INCOME

Building Plans	1 542 032	1 372 103
Extension Fees and Engineering contributions	102 573 287	24 335 625
Connection Fees	6 763 844	2 952 779
MIG Vat Revenue	14 214 613	11 688 610
Reconnection Fees	5 554 631	4 865 419
Licence Drivers	2 183 588	2 130 358
Commissions	-	8 391 404
Skills levy fees	915 335	992 354
Discount received	2 003 478	1 891 611
Sundries	4 507 382	8 832 667
Total Other income	<u>140 258 190</u>	<u>67 452 930</u>

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	2015	2014
	R	R
20. EMPLOYEE-RELATED COSTS		
Employee-related cost - salaries and wages	320 014 086	293 080 279
Employee-related cost - contributions to UIF, pensions and medical aid	92 188 557	83 993 001
Travel, motor car, accommodation, subsistence and other allowances	59 456 652	55 981 626
Housing benefits and allowances	3 564 828	3 269 873
Overtime payments	39 698 448	35 601 587
Leave payments	13 701 199	6 721 473
Cellphone allowances	2 133 421	1 410 112
Pensioners' medical aid contributions	3 631 935	3 351 433
Less: Employee costs capitalised to Property, plant and equipment	(1 232 440)	(2 419 170)
Total Employee-related costs	533 156 686	480 990 214

There were no advances to employees. Loans to employees are set out in note 13.

Remuneration of the Municipal Manager

Annual Remuneration	1 072 325	853 952
Annual Bonus	77 872	-
Performance Bonus	66 149	87 366
Travel Allowance	287 896	287 988
Contributions to UIF, Medical and Pension funds	311 155	233 050
Total	1 815 397	1 462 356

There were no advances to employees. Loans to employees are set out in note 13.

Remuneration of Senior Managers and Managers

30 June 2015	Dep M Manager: Infra & Technical Services	Dep M Manager: Community Services
Annual Remuneration	770 906	825 792
Annual Bonus	-	68 816
Performance Bonus	-	61 834
Travel Allowance	-	125 975
Non Pensionable Allowance	192 633	192 633
Contributions to UIF, Medical and Pension funds	209 983	174 647
Total	1 173 522	1 449 697

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		2015	2014
20. EMPLOYEE-RELATED COSTS			
(continued)			
		R	R
		Dep M Manager: Infra & Technical Services	Dep M Manager: Community Services
30 June 2014			
Annual Remuneration		665 249	825 792
Annual Bonus		-	68 816
Performance Bonus		-	81 668
Travel Allowance		187 900	193 104
Contributions to UIF, Medical and Pension funds		302 232	170 857
Total		1 155 381	1 340 237
30 June 2015			
	Dep M Manager: Financial Services - CFO	Dep M Manager: Corporate Services	Dep M Manager: City Development
Annual Remuneration	890 475	536 754	282 341
Annual Bonus	79 391	-	-
Performance Bonus	123 669	-	-
Travel Allowance	204 600	60 000	-
Non Pensionable Allowance	192 633	77 053	-
Contributions to UIF, Medical and Pension funds	25 949	25 546	-
Total	1 516 717	699 353	282 341
30 June 2014			
Annual Remuneration	952 694	834 709	761 032
Annual Bonus	74 904	69 559	-
Performance Bonus	128 335	93 335	81 668
Travel Allowance	204 600	183 125	409 199
Contributions to UIF, Medical and Pension funds	51 565	220 644	103 179
Total	1 412 098	1 401 372	1 355 078

Annual Bonus forms part of the annual package of officials and is not an additional item.

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20. EMPLOYEE-RELATED COSTS (continued)

30 June 2015

	R	R	R
	Head: Financial Services Expenditure	Head: Financial Services Revenue	Head: Transport & Roads
Annual Remuneration	558 873	423 626	746 764
Annual Bonus	46 573	50 783	-
Entertainment	-	-	-
Housing Subsidy	6 402	4 767	-
Travel Allowance	239 376	181 381	263 415
Contributions to UIF, Medical and Pension Funds	304 056	149 345	245 663
Total	1 155 280	809 902	1 255 842

30 June 2014

Annual Remuneration	523 339	523 339	699 283
Annual Bonus	43 612	43 612	-
Entertainment	1 400	1 750	-
Housing Subsidy	5 736	4 780	-
Travel Allowance	228 020	228 020	246 666
Contributions to UIF, Medical and Pension Funds	314 978	147 115	226 786
Total	1 117 084	948 616	1 172 735

30 June 2015

	Head: Water & Sanitation	Head: Human Resource Services	Head: Administration Services
Annual Remuneration	352 497	558 873	-
Annual Bonus	54 484	31 261	-
Entertainment	-	-	-
Housing Subsidy	-	-	-
Travel Allowance	149 412	239 376	-
Contributions to UIF, Medical and Pension Funds	132 326	150 319	-
Total	688 719	979 829	-

30 June 2014

Annual Remuneration	523 339	528 994	32 049
Annual Bonus	43 612	43 612	-
Entertainment	1 400	1 050	-
Travel Allowance	228 020	230 036	13 835
Contributions to UIF, Medical and Pension Funds	158 588	133 468	-
Total	954 959	937 160	45 884

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20. EMPLOYEE-RELATED COSTS (continued)

30 June 2015

	R	R	R
	Head: Health & Public Safety	Head: Electrical Services	Head: Public Safety
Annual Remuneration	558 873	193 712	11 885
Annual Bonus	46 573	49 890	-
Entertainment	-	-	-
Travel Allowance	239 376	79 142	6 566
Contributions to UIF, Medical and Pension Funds	238 568	84 342	-
Total	1 083 390	407 086	18 451

30 June 2014

Annual Remuneration	523 339	523 339	-
Annual Bonus	43 612	43 612	-
Entertainment	1 400	1 400	-
Travel Allowance	228 020	228 020	-
Contributions to UIF, Medical and Pension funds	202 531	162 304	-
Total	998 902	958 674	-

30 June 2015

	Head: Parks, Sport & Recreation	Head: Engineering Services	Head: SCM
Annual Remuneration	558 873	558 873	8 012
Annual Bonus	46 573	43 612	-
Entertainment	-	-	-
Housing Subsidy	-	6 402	-
Travel Allowance	239 376	239 376	33 348
Contributions to UIF, Medical and Pension Funds	260 582	182 131	-
Total	1 105 404	1 030 394	41 360

30 June 2014

Annual Remuneration	523 339	511 467	-
Annual Bonus	43 612	43 612	-
Entertainment	1 400	933	-
Housing subsidy	-	5 736	-
Travel Allowance	228 020	223 675	-
Contributions to UIF, Medical and Pension funds	236 175	157 555	-
Total	1 032 546	942 978	-

City of uMhlathuze
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	2015	2014
	R	R
21. REMUNERATION OF COUNCILLORS		
Executive Mayor	751 941	754 481
Deputy Mayor	658 256	622 265
Speaker	633 310	624 777
Chief Whip	594 370	562 112
Executive Committee Members	4 925 367	4 525 123
Chairpersons of Section 79 Committees Exco	581 493	190 083
Chairpersons of Section 79 Committees	989 742	1 143 400
Councillors	11 343 821	10 967 085
Councillors pension contribution	2 143 977	2 018 945
Total Councillors Remuneration	22 622 277	21 408 271

The Speaker, Chief Whip and Executive Committee members are full-time. Each is provided with an office and secretarial support at the cost of the Council. The Mayor is also provided with a vehicle for business use at the cost of the Council.

Annual Bonus forms part of the annual package of officials and is not an additional item.

22. FINANCE COSTS

Long-term liabilities	71 171 449	71 144 663
Total interest on external borrowings	71 171 449	71 144 663

23. BULK PURCHASES

Electricity	961 941 673	969 539 822
Water	138 719 793	82 085 979
Total Bulk Purchases	1 100 661 466	1 051 625 801

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	2015	2014
	R	R
24. GRANTS AND SUBSIDIES PAID		
Richards Bay Country Club	345 986	309 792
16 Days of Activism	88 190	-
Early Childhood Development	-	300 000
S P C A	-	333 300
Isigugu Samanxamalala Matomela Trust	-	100 000
Schools and uThungulu Community Forum	-	60 000
MTA Invitation	-	61 514
Children	37 530	74 360
Sundries	596 663	394 767
Property Rates Relief	1 475 584	1 227 502
Dolos Festival	50 000	50 000
uMhathuze Rangers FC	-	(70 000)
Womens Summit	99 442	-
Senior Citizens	59 877	-
Mens Summit	70 450	-
Operation Sukuma Sakhe Programs	119 456	-
Community Outreach - Mandlazini	90 000	-
University Registrations	128 000	-
Thanda Royal Zulu	500 000	-
Last Dance Festival	650 000	-
Youth Summit	-	133 254
World Aids Day	46 429	47 022
Total Grants and Subsidies Paid	4 357 606	3 021 511

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	2015	2014
	R	R
25. CASH GENERATED FROM OPERATIONS		
Surplus/(Deficit) for the year	149 208 752	197 905 532
Adjustment for:		
Depreciation	338 127 009	241 712 732
Amortisation	1 807 982	2 627 456
Post employment benefit expenses	65 268 865	28 913 044
Public contribution excluded as non-cash	-	(49 658 470)
Loss on disposal of property, plant and equipment	315 170	43 101
Gain on disposal of investment property	(10 000 000)	-
Non-cash Grants (Donation)	-	(584 541)
Movement in bad debt provision	23 438 473	63 222 720
Investment income	(27 558 341)	(21 060 123)
Interest paid	71 171 449	71 144 663
Operating surplus before working capital changes	611 779 359	534 266 114
(Increase)/ Decrease in inventories	30 969 780	2 503 788
(Increase) in debtors	41 741 035	(140 289 049)
Decrease/ (Increase) in other debtors	(19 709 089)	(5 103 954)
(Decrease)/ Increase/ in unspent conditional grants and receipts	(61 272 761)	(21 571 221)
(Decrease)/ Increase in creditors	18 165 335	86 055 769
(Increase)/ Decrease in VAT claimable	(625 307)	6 457 012
(Decrease)/ Increase in consumer deposits	(956 209)	5 129 196
Cash generated from operations	620 092 143	467 447 655

26. ELECTRICITY AND WATER LOSSES

Water losses for the City of uMhlathuze calculated at a variable cost per kilolitre amounts to:

Total produced and purchased (KL)	43 003 829	45 700 751
Total sold (KL)	26 675 400	28 197 051
Water Loss (KL)	16 328 429	17 503 700
% Loss	37.97%	38.30%
Variable cost/ KL	R	R
	2.25	1.43
	36 738 965	25 087 109

Water losses are attributable to the following reasons:

Non-technical reasons

Included in these losses is measured water through bulk meters supplying the Traditional Areas of Mkhwanazi South, North and Dube. However individual households are not metered yet hence not billed and therefore recorded as lost at this stage.

Technical reasons

Aged reticulation without sufficient replacement, refurbishment and maintenance. Incorrectly calibrated meters

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26. ELECTRICITY AND WATER LOSSES (Continued)

	2015	2014
	R	R
Electricity losses for the City of uMhlathuze calculated at a unit cost per kilowatt amounts to:		
Total purchases (KW)	1 396 529 283	1 600 621 423
Total sold (KW)	1 302 300 100	1 440 934 507
Electricity Loss (KW)	94 229 183	159 686 916
% Loss	6.747%	9.977%
Unit cost/ KW	R 0.68	R 0.58
	64 274 183	93 101 990

Electricity losses are attributable to the following reasons:

Non-technical reasons

Theft, unmetered supply and error in metering.

Technical reasons

Electrical resistivity in the network.

Ageing of network without sufficient replacement, refurbishment and maintenance.

Incorrect meter calibration and monitoring.

	2015	2014
	R	R
27. ADDITIONAL DISCLOSURES IN TERMS OF THE MFMA		
27.1 Contributions to SALGA		
Council subscriptions	5 296 814	4 169 187
Amount paid	5 296 814	4 169 187

27.2 Audit fees

Amount paid - current year	3 000 492	2 126 265
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27.3 PAYE, SDL and UIF

Opening balance	5 720 422	5 119 721
Current year payroll deductions	78 544 070	74 624 035
Amount paid - current year	(72 390 588)	(68 903 613)
Amount paid - previous year	(5 720 422)	(5 119 721)
Balance unpaid (included in creditors)	6 153 482	5 720 422

The balance represents June's contribution paid over in July.

27.4 Pension and Medical Aid Deductions

Opening balance	6 241 676	5 500 400
Current year payroll deductions	127 521 374	123 461 737
Amount paid - current year	(121 038 005)	(117 220 060)
Amount paid - prior year	(6 228 798)	(5 500 401)
Balance unpaid (included in creditors)	6 496 247	6 241 676

The balance represents continued members contributions received in advance.

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27.5 Councillor's Arrear Consumer Accounts

The following councillors had arrear accounts outstanding for more than 90 days as at 30 June.

2015	Total	< 90 days	> 90 days
Mkhize GM	10 074	291	9 783
Total	10 074	291	9 783
2014	Total	< 90 days	> 90 days
Khoza M	-	380	543
Total	-	380	543

During the year the following Councillors' had arrear accounts outstanding for more than 90 days. The following represents the highest amount outstanding:

2015	Highest Amount Outstanding	Ageing
Mkhize GM	9 783	90+ days
2014	Highest Amount Outstanding	Ageing
Khoza M	543	90+ days

28. CAPITAL COMMITMENTS	2015 R	2014 R
Commitments in respect of capital expenditure		
Approved and contracted for	168 914 171	273 479 565
Approved but not yet contracted for	329 393 229	146 382 235
Total capital commitments	498 307 400	419 861 800
 This expenditure will be financed from		
Internal sources	232 812 700	106 720 900
External loans	142 572 300	144 738 000
Grants and subsidies	122 922 400	168 402 900
	498 307 400	419 861 800

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29. CONTINGENT LIABILITIES AND CONTRACTUAL OBLIGATIONS

	2015	2014
	R	R
Guarantees by City of uMhlathuze in respect of building society and commercial bank housing loans to officials.	-	43 500
Guarantee by City of uMhlathuze in respect of postal services.	200 000	200 000
Zululand Chamber of Business foundation submitted a claim against council for unlawful levying of municipal rates to the sum of R 304 349.56. This matter is still ongoing.		

Motla Engineers (Pty) Ltd submitted a claim against council regarding a dispute in in amounts due that relates to tenders awarded for services rendered to the sum of R1 087 860.60. This matter is still ongoing.

30. POST-EMPLOYMENT MEDICAL BENEFITS (defined benefit obligation)

The amounts recognised in the Statement of Financial Position were determined as follows:

	2015	2014
	R	R
Present Value of the obligation	298 600 764	233 331 899
Liability in the Balance Sheet	298 600 764	233 331 899

Movements in the defined benefit obligation is as follows:

	2015	2014
	R	R
Balance at the beginning of the year	233 331 899	204 418 855
Current service cost	14 715 038	13 480 221
Interest cost	21 221 597	18 584 035
Benefits paid	(3 395 293)	(3 151 212)
Actuarial (gain)/ loss on obligation	32 727 523	-
	298 600 764	233 331 899

The amounts recognised in the Statement of Financial Performance were as follows:

	R	R
Current service cost	14 715 038	13 480 221
Interest cost	21 221 597	18 584 035
Actuarial (gain)/ loss on obligation	32 727 523	-
Benefits paid	(3 395 293)	(3 151 212)
Net amount recognised	65 268 865	28 913 044

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31. PROVISIONS

	Staff Leave	Staff Bonuses	Total
30 June 2014			
Amount at beginning of year	13 204 106	10 113 051	23 317 157
Increase/ (Decrease) during the year	(4 047 193)	1 120 968	(2 926 225)
Carrying amount at end of the year	<u>9 156 913</u>	<u>11 234 020</u>	<u>20 390 933</u>
30 June 2013			
Amount at beginning of year	11 100 744	9 982 132	21 082 876
Increase/ (Decrease) during the year	2 103 332	130 913	2 234 245
Carrying amount at end of the year	<u>13 204 106</u>	<u>10 113 051</u>	<u>23 317 157</u>

Staff leave

Annual leave accrues to employees on a monthly basis, subject to certain conditions. The provision is an estimate of the amount payable to staff as at year-end, based on the value of statutory and non-statutory leave.

Staff bonuses

Bonuses accrue to staff on an annual basis based on their anniversary month. The provision is an estimate of the amount payable to staff for the following year on a pro-rata basis.

32. EVENTS AFTER THE REPORTING DATE

No material facts and circumstances have occurred between the accounting date and the date of this report that would have an impact on the financial statements.

33. PRIOR PERIOD ERROR

**2014
R**

Restatement of Property, plant and equipment (accumulated depreciation)

In the prior year the municipality discovered that the depreciation on property, plant and equipment assets was overcharged.

The impact of this adjustment is as follows:

Amount as previously stated in the Financial statements	4 198 725 743
Transfer of Assets from Intangibles	3 586 641
Correction of accumulated depreciation	500 893 591
Restated Property, plant and equipment (accumulated depreciation) at 30 June 2014	<u>504 480 232</u>

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2014

33. PRIOR PERIOD ERROR (Continued)

R

Restatement of Investment Properties (Accumulated depreciation)

During the year, the municipality discovered that the depreciation on investment properties was overcharged due to lifespans not reviewed in prior periods.

Amount as previously stated in the Financial statements	134 573 715
Correction of accumulated depreciation	618 113
Restated Investment Properties (Accumulated depreciation) at 30 June 2014	135 191 828

Restatement of Intangible assets (Accumulated Amortisation)

During the year, the municipality discovered that the depreciation on intangible assets was overcharged due to lifespans not reviewed in prior periods. Assets that no longer met the definition of Intangible assets were taken to surplus and Deficit account.

The impact of this adjustment is as follows:

Amount as previously stated in the Financial statements	12 159 663
Transfer to Property, plant and equipment	(3 586 640)
Transfer to Accumulated Surplus	(6 182 107)
Correction of accumulated amortisation	4 896 830
Restated Intangible assets (accumulated depreciation) at 30 June 2014	7 287 746

Restatement of Inventory Land

During the year, the municipality discovered inventory land previously not accounted for in the accounting records.

The impact of this error is as follows:

Balance as previously stated in the Financial statements	59 555 000
Inventory land not previously recognised	30 925 000
Restated Inventory Land at 30 June 2014	90 480 000

Restatement of Accumulated Surplus

Balance as previously stated in the Financial statements	3 677 467 800
Inventory land not previously recognised	30 925 000
Transfer to Accumulated Surplus - Intangible Assets (Expensed)	(6 182 107)
Correction of accumulated depreciation/amortisation	506 408 534
Restated Accumulated Surplus Balance at 30 June 2014	4 208 619 227

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34. DEVIATION FROM PROCUREMENT PROCESSES

Section 37(2) of Supply Chain Management Policy has been complied with.

The total amount of deviations recorded for 2014/2015 financial year is R78 605 250

35. UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE

There was no unauthorised, irregular, or fruitless and wasteful expenditure incurred during the year.

36. GENERAL EXPENSES	2015 R	2014 R
Included as part of general expenses are the following:		
Uniforms	3 518 416	2 256 238
Bank charges	4 134 349	2 847 203
Community facilitation	5 122 866	4 816 842
External audit fees	3 000 492	2 129 265
Fuel and oil	16 968 374	17 228 174
Insurances	6 067 971	4 229 739
Indigent services rendered	1 598 622	6 064 166
Legal fees	6 543 903	13 487 768
Licences and permits	2 280 396	1 853 186
Membership fees	5 512 473	4 680 167
Postage	1 592 511	1 525 332
Printing and Stationery	5 668 878	5 532 454
Programming material	8 647 159	6 928 995
Publicity	1 228 812	771 046
Rent equipment and vehicles	16 112 366	14 794 945
Waste disposal	4 521 846	3 729 884
Skills levy	4 573 970	4 129 803
Telephone	1 558 266	1 960 572
Research fund	-	781 913
Sport development	1 484 839	1 005 298
Stores and materials	1 534 293	1 145 494
Subsistence and travelling	2 979 054	2 172 532
Valuation roll	1 234 376	1 335 172
Advertisement	1 561 832	2 467 882
Catering Municipal Activities	1 346 114	-
Small tools	636 458	778 800
Loss on disposal of Assets	315 170	-
Bursaries	1 046 285	871 003
Consultancy fees	10 787 098	3 715 721
Sundries	20 300 614	20 739 727
Total	141 877 803	133 979 321

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	2015	2014
	R	R
37. OPERATING LEASES		
The municipality as a lessee		
At the reporting date, the municipality has outstanding commitments under operating leases which fall due as follows:		
Buildings		
Within one year	2 400	2 400
In the second to fifth year inclusive	9 600	9 600
After five years	-	-
Total	12 000	12 000
IT Equipment		
Within one year	2 013 546	3 482 681
In the second to fifth year inclusive	-	2 007 257
After five years	-	-
Total	2 013 546	5 489 938

Operating lease payments represents rentals payable by the municipality for certain of its offices. The municipality also has current lease arrangements for three years for printers and PABX equipment. No contingent rent is payable.

38. RELATED PARTY TRANSACTIONS	2015	2014
There were no related party transactions that occurred during the year.	R	R
39. CHANGE IN ACCOUNTING ESTIMATE		
A change in the estimated useful lives of certain property, plant and equipment, intangible assets and investment properties that were reaching their estimated useful lives has resulted in the following change in depreciation.		
Depreciation according to initial estimated useful lives		103 534 131
Depreciation according to re-estimated useful lives		(12 546 141)
Reduction in depreciation		<u>116 080 272</u>

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	2015 R	2014 R
40. PUBLIC CONTRIBUTIONS		
John Ross Interchange	-	49 658 470
National Lotto	3 627 553	-
IDZ	-	10 877 362
Other	661 405	799 258
	4 288 958	61 335 090
41. CONTRACTED SERVICES		
Cleaning Services	2 323 547	2 397 455
Meter reading	10 580 295	8 205 380
Security	30 950 032	24 975 304
Sewerage and Waste Disposal	9 121 526	8 343 993
Outsourcing	26 911 525	56 718 812
Total	79 886 925	100 640 944
42. REPAIRS AND MAINTANANCE		
Total Expenditure	409 535 817	325 411 458
Internal Charges	(277 453 450)	(250 282 214)
	132 082 367	75 129 244

43. FINANCIAL RISK MANAGEMENT

Exposure to interest rate, credit risk and liquidity risks arise in the normal course of the municipality's operations.

Financial Risk Management

The municipality has exposure to the following risks from its use of Financial Instruments:

Liquidity Risk

Interest Rate Risk

Credit Risk

This note presents information about the municipality's exposure to each of the above risks and the municipality's objectives, policies and processes for measuring and managing those risks. Further quantitative disclosures are included throughout these financial statements.

The Accounting Officer has overall responsibility for the establishment and oversight of the municipality's risk management framework. The municipality's risk management policies are established to identify and analyse the risks faced by it, to set appropriate risk limits and controls and to monitor risks and adherence to limits.

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43. FINANCIAL RISK MANAGEMENT (continued)

Categories of Financial Instruments

	2015	2014
	R	R
Financial Assets		
Investments and Receivables		
Call Investments	150 000 000	40 000 000
Cash and cash equivalents	271 637 538	364 509 347
Long-term receivables	114 931	159 027
Trade receivables	251 349 755	316 529 263
Other receivables	51 719 045	32 009 956
	724 821 269	753 207 593
Liabilities and Creditors		
Long-term liabilities	471 210 199	601 727 228
Trade and Other payables	357 815 970	339 257 657
	829 026 169	940 984 885

Fair Values versus Carrying Amounts

The fair values of financial assets and liabilities, together with the carrying amounts shown in the balance sheet, are as follows:

	2015	2014
Long-term receivables	114 931	159 027
Call Investments	150 000 000	40 000 000
Cash	271 637 538	364 509 347
Trade receivables from Exchange Transactions	251 349 755	316 529 263
Other receivables from Non - Exchange Transactions	51 719 045	32 009 956
Total	724 821 269	753 207 593
Long-term liabilities	471 210 199	731 473 690
Trade and other payables	357 815 970	185 067 011
Total	829 026 169	916 540 701

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43. FINANCIAL RISK MANAGEMENT (continued)

43.1 Liquidity

Risk

Liquidity risk is the risk that the municipality will not be able to meet its obligations as they fall due. The municipality's approach is to ensure that sufficient liquidity is available to meet its liabilities when due. The municipality uses cash flow forecasts to ensure that sufficient cash is available to meet expected operating expenses. This is guided by working capital and revenue enhancement policy

The debtors collection rate of the municipality also ensures that sufficient cash is available to cover working capital. The average collection rate of the municipality is 100.83%. (2014: 99.17%).

The following are contractual liabilities of which interest is included in borrowings:

	Up to one year	1 - 5 years	> 5 years
Borrowings	183 206 729	518 102 688	73 725 501
Trade and Other payables	269 247 322	-	-
	452 454 051	518 102 688	73 725 501

43.2 Interest rate risk

The municipality's policy is to manage interest rate risk so that fluctuations in variable costs do not have a material impact on surplus. All long-term debt are at fixed rates.

43.3 Credit Risk

Credit risk is the risk of financial loss to the municipality if customers or counterparties to financial instruments fail to meet their contractual obligations. Credit risk consists mainly of cash deposits, cash equivalents and trade debtors.

Investments

The municipality limits its exposure to credit risk by investing with only reputable financial institutions and within specific guidelines set in accordance with Council's approved investment policy.

Receivables

Receivables are amounts owing by consumers and are presented net of impairment loss. The municipality has a credit control policy in place and the exposure to credit risk is monitored continuously. The municipality establishes an allowance for doubtful debts that represents its estimate of anticipated losses in respect of receivables. Payments of accounts of consumer debtors who are unable to pay, are negotiated in line with the 'credit control policy and terms of payments are agreed upon with the consumer.

Cash and cash equivalents

The municipality limits its exposure to credit risk by investing with only reputable financial institutions and within specific guidelines set in accordance with Council's approved investment policy. The municipality does not consider there to be any significant exposure to credit risk.

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43. FINANCIAL RISK MANAGEMENT (continued)

The carrying amount of financial assets represents the maximum credit exposure.

The maximum exposure to credit risk as at 30 June was:

	2015	2014
	R	R
Call investments	150 000 000	40 000 000
Cash and cash equivalents	271 637 538	364 509 347
Long-term receivables	114 931	159 027
Trade receivables	251 349 755	316 529 263
Other receivables	51 719 045	32 009 956
	724 821 269	753 207 593

44. Budget Information

44.1 Explanation of variances between approved and final budget amounts

The reason for the variance between approved and final budget is mainly due to the adjustments budget approved by Council on 24 February 2015.

44.2 Explanation of variances greater than 10%: final budget and actual amounts

44.2.1 Statement of financial position

Non Current Liabilities

The decrease is due to the loan amount of R100 million budgeted to be taken in financial year was deferred to be taken in 2015/2016 year.

44.2.2 Statement of financial performance

Interest Earned - external investments

The variance is the result of increased in funds surplus funds available for investments during the year.

Interest Earned - outstanding debtors

The variance is due to property rates penalties being included under interest on outstanding debtors on the budget whilst in the financial statements it reflected under property rates.

Government Grant and Subsidies

The variance is the result of underspending in grant funded projects and therefore revenue could not be recognised due to conditions not being met.

Fines

The variance is due to the initial recognition of all traffic fines in line with the requirements of IGRAP1.

Public Contributions

Revenue from public contribution is not included in the budget unless there is a written confirmation as to when money will be received, hence the variance.

City of uMhlatuze
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44. Budget Information (continued)

Other Income

The variance is the result of high revenue received on extension fees for engineering contribution and also own revenue on MIG Vat.

EXPENDITURE

Debt impairment

The variance is the result of an increase in the allowance for doubtful debts including traffic fines as well as increase in provision for rates and rural water during the year.

Depreciation and amortisation

The variance is due to the review of assets useful lives, the depreciation of assets which were previously classified as work in progress. Another impact is that a portion of depreciation of assets funded through internal reserves is not included in the budget when determining the tariffs.

Collection costs

The variance is due to an increased number of debtor accounts that have been handed over to the attorneys for collection.

Repairs and maintenance

The variance is due to increase in unplanned maintenance which is caused by emergencies, therefore funds were transferred from contracted services..

Grant and subsidies paid

The variance is due to some grants not paid out as planned in the budgeting stage due to business plans not submitted by applicants

Contracted services

The variance is due to reductions in the scope of some of the work performed under contracted services therefore funds were transferred to repairs and maintenance.

44.2.3 Cash flow statement

The variance is mainly due to an increase in revenue from engineering contributions and also loan not taken in the financial year as budgeted.

City of uMhlatuze
ANNUAL FINANCIAL STATEMENTS
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APPENDIX A: SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2015

EXTERNAL LOANS	Interest Rate	Loan #	Redeemable	Balance at 30/06/2013	Received during the year	Redeemed/ Written off during the year	Balance at 30/06/2015
				R	R	R	R
LONG-TERM LOANS							
Development Bank of SA	12.00%	10593	2018/03/31	3 276 978		682 425	2 594 553
Development Bank of SA	12.00%	10594	2017/03/31	1 272 212	-	375 794	896 418
Development Bank of SA	12.00%	10595	2017/03/31	4 776 573	-	1 410 936	3 365 637
Development Bank of SA	12.00%	10596	2017/03/31	1 111 524	-	328 329	783 195
Development Bank of SA	14.50%	10597	2018/03/31	4 297 848	-	860 993	3 436 855
Development Bank of SA	12.00%	10600	2017/03/31	2 167 800	-	640 339	1 527 461
Development Bank of SA	12.00%	10601	2017/03/31	1 288 492	-	380 603	907 889
Development Bank of SA	12.00%	10602	2017/03/31	325 928	-	96 275	229 653
				18 517 355	-	4 775 694	13 741 661
INCA	13.95%	UMHL	2019/06/30	8 386 203	-	1 449 137	6 937 066
Standard Bank	8.04%	357636	2015/03/31	18 967 799	-	12 337 784	6 630 015
Nedbank	6.00%	05/7831	2016/06/30	22 911 385	-	11 119 008	11 792 377
INCA	8.75%		2019/06/28	133 205 828	-	22 288 833	110 916 995
Development Bank of SA	11.70%	103170	2018/12/31	144 396 146	-	26 045 661	118 350 485
Development Bank of SA	6.75%	103494	2019/06/30	20 379 016	-	3 554 546	16 824 470
Development Bank of SA	11.57%	103494	2019/06/30	63 701 321	-	10 053 711	53 647 610
Nedbank	11.26%	05/7831/2	2019/12/31	128 102 346	-	17 942 070	110 160 276
Nedbank	9.59%	7831003878/3	2022/06/17	67 871 218	-	5 975 144	61 896 074
Nedbank	10.13%	7831003878/4	2024/06/28	100 027 753	-	10 027 753	90 000 000
				707 949 015	-	120 793 647	587 155 368
TOTAL EXTERNAL LOANS				726 466 370	-	125 569 341	600 897 029

City of uMhlathuze
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APPENDIX B: ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2015

	Cost/ Revaluation					Accumulated Depreciation						
	Opening Balance	Transfers	Additions	Under construction	Disposals	Closing Balance	Opening balance	Additions	Transfers	Disposals	Closing balance	Carrying Value
Land	534 976 950	(1 550 000)	-	-	-	533 426 950	-				-	533 426 950
	534 976 950	(1 550 000)	-	-	-	533 426 950	-	-	-	-	-	533 426 950
Infrastructure												
Electricity	618 340 511	-	38 153 938	-		656 494 449	218 768 075	26 943 043			245 711 118	410 783 330
Roads	3 295 191 422	-	5 858 533	17 925 928		3 318 975 882	2 032 731 372	86 437 545			2 119 168 916	1 199 806 966
Sewerage	1 451 454 842	-	18 715 255	58 468 635		1 528 638 732	784 739 754	44 714 554			829 454 308	699 184 424
Water	4 413 594 264	-	8 614 938	146 805 399		4 569 014 602	3 155 845 164	117 084 757			3 272 929 922	1 296 084 680
Security measures	17 783 331	-	1 812 791	-		19 596 122	11 090 526	2 702 997			13 793 523	5 802 599
Pedestrian Malls	23 701 799	-	1 710 106	-		25 411 905	13 813 988	1 204 147			15 018 135	10 393 770
Airport- taxiways	360 591	-	2 562 670	-		2 923 262	253 350	27 348			280 698	2 642 563
	9 820 426 761	-	77 428 231	223 199 962	-	10 121 054 953	6 217 242 229	279 114 392	-	-	6 496 356 621	3 624 698 332
Community Assets												
Beach development	34 788 910		820 224	177 500		35 786 634	12 786 722	1 188 241			13 974 963	21 811 671
Cemeteries	18 129 458		-	-		18 129 458	3 858 274	696 319			4 554 593	13 574 865
Clinics	407 112		53 110	-		460 222	113 807	26 498			140 305	319 917
Community centres	16 941 370		3 156 859	-		20 098 229	6 400 421	2 090 740			8 491 161	11 607 068
Fire stations	4 419 637		2 618 326	2 189 421		9 227 384	876 419	219 889			1 096 307	8 131 077
Land Main Investments	54 541 111		-	-		54 541 111	9 580 411	1 367 438			10 947 850	43 593 261
Libraries	10 534 409		5 684 055	-		16 218 465	6 110 620	539 317			6 649 938	9 568 527
Museum	-		-	-		-		-				()
Parks & Gardens	13 065 338		192 673	-		13 258 012	6 778 835	476 973			7 255 808	6 002 204
Public Conveniences	8 057 133		-	-		8 057 133	5 621 020	-			5 621 020	2 436 113
Recreation facilities	57 787 254		-	-		57 787 254	26 124 221	2 723 276			28 847 497	28 939 756
Stadiums	86 041 879		18 690 328	-		104 732 207	13 461 943	3 544 018			17 005 961	87 726 246
	304 713 610	-	31 215 576	2 366 921	-	338 296 108	91 712 693	12 872 710	-	-	104 585 403	233 710 704

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APPENDIX B: ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2015 (continued)

	Cost/ Revaluation					Accumulated Depreciation						
	Opening Balance	Transfers	Additions	Under construction	Disposals	Closing Balance	Opening balance	Additions	Transfers	Disposals	Closing balance	Carrying Value
Housing	84 151 732	-	6 991 813	-		91 143 545	7 158 367	1 583 370			8 741 737	82 401 808
	84 151 732	-	6 991 813	-	-	91 143 545	7 158 367	1 583 370	-	-	8 741 737	82 401 808
Other Assets												
Bins & Containers	6 016 746		1 745 262	-	-	7 762 008	2 548 913	661 511		-	3 210 424	4 551 584
Buildings	195 392 253		20 620 555	507 429	-	216 520 237	90 794 349	9 749 237		-	100 543 586	115 976 651
Emergency equipment	1 318 480		-	-	-	1 318 480	288 668	126 182		-	414 850	903 630
Furniture and fittings	12 497 160		2 234 693	-	(302 155)	14 429 698	6 024 547	1 384 778		(217 545)	7 191 780	7 237 918
Land Main Investments	69 169 075		-	-	-	69 169 075	27 423 258	1 924 569		-	29 347 827	39 821 248
Motor vehicles	125 952 290		22 454 869	-	(400 973)	148 006 187	59 837 288	15 233 414		(416 603)	74 654 099	73 352 088
Office equipment	36 785 040		12 236 886	-	(359 007)	48 662 919	17 125 670	6 087 470		(237 714)	22 975 427	25 687 493
Plant and equipment	60 596 851		52 396 947	-	(331 147)	112 662 652	28 803 297	8 614 235		(206 251)	37 211 282	75 451 370
Watercraft	352 552		-	-	-	352 552	184 252	41 899			226 151	126 401
	508 080 448	-	111 689 213	507 429	(1 393 282)	618 883 808	233 030 241	43 823 295	-	(1 078 112)	275 775 424	343 108 384
Total	11 252 349 501	(1 550 000)	227 324 833	226 074 312	(1 393 282)	11 702 805 364	6 549 143 530	337 393 767	-	(1 078 112)	6 885 459 185	4 817 346 179
Heritage Assets												
Paintings & Art galleries	2 723 694		-			2 723 694	-				-	2 723 694
Total	2 723 694	-	-	-	-	2 723 694	-	-	-	-	-	2 723 694

City of uMhlathuze
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APPENDIX C: SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2014

2014 Actual Income	2014 Actual Expenditure	2014 Surplus/(Deficit)		2015 Actual Income	2015 Actual Expenditure	2015 Surplus/(Deficit)
R	R	R		R	R	R
1 032 846	88 714 657	(87 681 811)	Executive & Council	1 142 955	84 355 425	(83 212 470)
30 166 557	194 689 090	(164 522 533)	Corporate Services	67 482 043	235 085 121	(167 603 078)
322 143 168	96 190 998	225 952 170	Budget & Treasury Office	397 874 559	101 842 509	296 032 050
2 271 244	37 809 949	(35 538 705)	Planning & Development	1 913 043	39 445 655	(37 532 612)
14 505 985	35 592 824	(21 086 839)	Health	6 404 682	26 349 848	(19 945 166)
14 979 092	84 605 864	(69 626 772)	Community & Social Services	12 510 959	89 803 556	(77 292 597)
12 161 228	9 050 975	3 110 253	Housing	16 705 158	12 105 495	4 599 663
62 501 202	157 883 279	(95 382 077)	Public Safety	59 685 331	166 354 691	(106 669 360)
8 429 929	154 892 722	(146 462 793)	Sport & Recreation	7 973 476	169 750 453	(161 776 977)
88 036 747	95 420 491	(7 383 744)	Waste Management	102 626 685	102 818 937	(192 252)
163 509 025	172 576 518	(9 067 493)	Waste Water Management	253 891 322	192 929 391	60 961 931
23 518 190	255 225 298	(231 707 108)	Road Transport	12 194 937	263 676 064	(251 481 127)
394 412 320	392 000 206	2 412 114	Water	427 133 013	531 859 980	(104 726 967)
1 402 627 672	1 137 757 973	264 869 699	Electricity	1 411 672 382	1 232 760 127	178 912 255
538 473	660 446	(121 973)	Other	556 905	703 439	(146 534)
2 540 833 678	2 913 071 289	(372 237 611)	Sub-total	2 779 767 450	3 249 840 691	(470 073 241)
(46 521 488)	(616 664 631)	570 143 143	Less: inter-dep charges	(43 486 553)	(662 768 546)	619 281 993
2 494 312 190	2 296 406 658	197 905 532	Total	2 736 280 897	2 587 072 146	149 208 752

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APPENDIX D: DISCLOSURE OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003

Grants and Subsidies Received

Name of Grant	Name of organ of state	Quarterly Receipts				Total 2014/2015 as per AFS	Quarterly Expenditure				Total 2014/2015 as per AFS	Grants and Subsidies delayed/ withheld				Total 2014/2015 as per AFS	Reason for delay/ withholding of funds	Compliance with grant conditions in terms of grant frameworks	Reason for non-compliance
		Sept 2014	Dec 2014	Mar 2015	June 2015		Sept 2014	Dec 2014	Mar 2015	June 2015		Sept 2014	Dec 2014	Mar 2015	June 2015				
Museum Subsidy	KZN - Dept of Education and Culture	-	-	151 000	-	151 000	404 176	423 881	381 079	934 630	2 143 766	-	-	-	-	-	None	Yes	
Primary Health Subsidy	KZN - Dept of Health	-	2 723 700	3 240 900	-	5 964 600	5 698 710	6 095 789	2 354 844	-	14 149 342	-	-	-	-	-	None	Yes	
Esikhawini Hostel Refurbishment	KZN - Dept of Housing	294 633	278 244	307 990	288 653	1 169 520	1 571 885	2 521 370	1 291 112	522 424	5 906 791	-	-	-	-	-	None	Yes	
Housing Operational account	KZN - Dept of Housing	1 088 281	961 501	261 840	1 272 520	3 584 142	3 196 881	2 140 984	2 116 299	1 867 183	9 321 347	-	-	-	-	-	None	Yes	
Public Internet access - libraries	KZN - Dept of Library Services	756 000	-	-	-	756 000	175 262	192 388	181 157	247 806	796 613	-	-	-	-	-	None	Yes	
Library Subsidy	KZN - Dept of Library Services	6 080 000	-	-	-	6 080 000	4 083 194	4 328 755	4 129 029	5 231 606	17 772 583	-	-	-	-	-	None	Yes	
Sport and Recreation	KZN - Dept of Sport and Recreation	1 436 913	-	1 859 020	-	3 295 933	2 590 766	1 100 961	74 307	-	3 766 035	-	-	-	-	-	None	Yes	
Upgrade of Vulindlela Sports Facility	KZN - Dept of Sport and Recreation	-	-	-	-	-	12 666	-	-	-	-	-	-	-	-	-	None	Yes	
Upgrade of Alkandstrand Beach	KZN - Dept of Economic Development and Tourism	-	-	-	-	-	119 650	133 650	146 700	-	400 000	-	-	-	-	-	None	Yes	
Urban Development Framework Plan	KZN - Dept of Co-Operative Governance and Traditional Affairs	-	-	-	-	-	-	-	-	158 500	158 500	-	-	-	-	-	None	Yes	
Municipal Excellence Award	KZN - Dept of Co-Operative Governance and Traditional Affairs	-	-	1 000 000	-	1 000 000	-	-	-	-	-	-	-	-	-	-	None	Yes	
Tourism Development	KZN - Dept of Co-Operative Governance and Traditional Affairs	1 000 000	-	-	-	1 000 000	-	173 337	12 630	-	185 966	-	-	-	-	-	None	Yes	
New and Upgrading of Informal Trading Stalls	KZN - Dept of Co-Operative Governance and Traditional Affairs	5 000 000	-	-	-	5 000 000	339 967	899 198	-	1 323 505	2 562 670	-	-	-	-	-	None	Yes	

APPENDIX D: DISCLOSURE OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003

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Name of Grant	Name of organ of state	Quarterly Receipts				Total 2013/2014 as per AFS	Quarterly Expenditure				Total 2013/2014 as per AFS	Grants and Subsidies delayed/ withheld				Total 2013/2014 as per AFS	Reason for delay/ withholding of funds	Compliance with grant conditions in terms of grant frameworks
		Sept 2013	Dec 2013	Mar 2014	June 2014		Sept 2014	Dec 2014	Mar 2015	June 2015		Sept 2014	Dec 2014	Mar 2015	June 2015			
Institutional Support (Water conservation and demand management project)	Nat - Dept of Water Affairs	-	-	-	-	-	91 748	44 340	40 973	-	177 061	-	-	-	-	-	None	Yes
Cleanest Town Award	Nat - Dept of Water Affairs	-	-	-	-	-	45 554	22 940	6 207	38 034	112 736	-	-	-	-	-	None	Yes
Water Services Operating Subsidy	Nat - Dept of Water Affairs	3 500 000	7 000 000	3 500 000	-	14 000 000	659 377	2 280 000	3 752 076	6 051 070	12 742 523	-	-	-	-	-	None	Yes
Municipal Infrastructure Grant	National Treasury	30 377 000	29 250 000	61 204 000	-	120 831 000	20 257 262	41 591 293	29 616 117	70 581 236	162 045 908	-	-	-	-	-	None	Yes
Financial Management Grant	National Treasury	1 600 000	-	-	-	1 600 000	279 674	408 359	312 515	599 452	1 600 000	-	-	-	-	-	Grant unspent as at 2011/2012	Yes
Municipal Systems Improvement Grant (MSIG)	National Treasury	930 000	-	-	-	930 000	-	201 094	182 285	546 621	930 000	-	-	-	-	-	None	Yes
Equitable Share	National Treasury	81 066 000	68 267 000	55 467 000	-	204 800 000	-	-	-	-	-	-	-	-	-	-	None	Yes
Extended Public Works Programme	National Treasury	758 000	569 000	569 000	-	1 896 000	24 577	611 714	803 005	456 704	1 896 000	-	-	-	-	-	None	Yes
Infrastructure Skills Development Grant	National Treasury	4 036 000	-	3 964 000	-	8 000 000	1 467 369	2 353 382	1 504 330	2 757 159	8 082 240	-	-	-	-	-	None	Yes
Energy Management	National Treasury	-	-	-	-	-	-	1 932 400	669 590	691 010	3 293 000	-	-	-	-	-	None	Yes
Rural Household Infrastructure	National Treasury	-	-	4 500 000	-	4 500 000	-	-	865 230	5 282 395	6 147 625	-	-	-	-	-	None	Yes
Municipal Water Infrastructure	National Treasury	4 712 000	9 426 000	4 712 000	-	18 850 000	756 524	4 293 596	2 394 418	19 516 293	26 960 831	-	-	-	-	-	None	Yes
Electrification - Mandlazini, Mzingazi and Dumisani Makhaye Village	National Treasury	8 000 000	-	-	-	8 000 000	4 818 908	2 785 302	650 791	353 538	8 608 539	-	-	-	-	-	None	Yes
Environmental Health Services	uThungulu District Municipality	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	None	Yes